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24 June 1983

LATIN AMERICA REPORT

No. 2697

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ENERGY CONSERVATION PROGRAM PLANNED WITH WORLD BANK AID

Bridgetown THE NATION in English 18 May 83 p 18

[Text]

THE Barbados Government has taken positive action to implement an energy conservation programme with the formulation of a workplan for a major World Bank Technical Assistance Energy Conservation Project.

Executing agency for the Government, the Ministry of Finance and Planning, has recently embarked on the project. Earlier this year, Government awarded the contract to the consultants, DHR Incorporated of Washington D.C. and two of their representatives, project manager, David Staples, and training specialist, Frank Powell, have been in the island since last month making contacts with the Government and the private sector toward launching the project.

This scheme is to provide the government with technical assistance in developing and pursuing an energy conservation programme.

The goals of the project are:

- To identify and assist in the implementation of cost-effective energy conservation projects;

- To train Barbadian counterparts who can carry on the energy conservation activities when the technical assistance project ends; and

- To develop a comprehensive energy policy framework which will act to encourage energy conservation in all sectors of the country.

To achieve these goals, the project has the following four main areas of effort:

Energy Audits: Audits will be performed in all sectors of the economy for the purpose of identifying specific energy conservation opportunities and developing strategies for their

implementation.

These audits will include an analysis of what can be done to save energy, the cost-effectiveness of the various options and requirements for their implementation.

Training: In addition to in-house training for the staff of the Energy Conservation Unit, formal training courses at two levels will be provided in conjunction with the Barbados Institute of Management and Productivity (BIMAP).

The professional courses, primarily for architects, engineers and plant managers, will focus on identifying, specifying, costing and implementing energy conservation opportunities. The second set of courses will be directed at maintenance, both of existing equipment to increase the efficient use of energy as well as for the installation and maintenance of energy conservation equipment.

Promotion: Activities related to the promotion of energy conservation throughout the country and the training of individuals in the promotion area will form an important complement to the technical task areas. A national promotion campaign will be developed, working with individuals from both the public and private sectors.

Policy Development: Development and implementation of Government policies is key to the success of the energy conservation effort. Policies which promote the rational and efficient use of energy and reflect the needs and concerns of both the economy and society will be the goal of this task.

ADAMS OPENS POWER COMPANY'S NEW GENERATING PLANT

Description of New Facility

Bridgetown SUNDAY ADVOCATE in English 15 May 83 p 15

[Text] THE BARBADOS Light and Power Company Limited completed its new generating plant on budget and on schedule in September 1982. Planned in 1979 and started in 1981, this BDS\$70 million project is the largest component of the Company's expansion programme.

Prime Minister J.M.G.M. "Tom" Adams will officially open the new low speed diesel generating plant tomorrow.

The new plant, powered by two 12 500 kilowatt low speed diesel engines, has increased the Company's generating capacity to 118 700 kilowatts representing a firm capacity of 72 000 kilowatts compared to the present consumer peak demand of 59 700 kilowatts.

The turnkey contract for the low speed diesel plant built on the Company's Spring Garden, St. Michael site was awarded to Gotaverken Motor AB of Sweden in December 1980.

Under this contract Gotaverken were responsible for the design, manufacture, delivery, installation, site testing and putting the power plant into commercial operation, as well as the instructing and training of operating and maintenance personnel.

The sum of US\$26.6 million was covered by a Swedish export loan through Svenska Handelsbanken to cover the major portion of the cost of the plant. The loan is to be repaid over 12 years. The remainder of the cost of the plant was met through loans from the Royal Bank of Canada and the Commonwealth Development Corporation.

One of the principal requirements for the low speed diesel plant was that it be suitable for base load operation on heavy residual fuels which are the cheapest available. The operation of the plant, which started producing electricity commercially in September 1982, has already contributed to the lowering of the Company's fuel costs, a benefit which is being passed through to electricity consumers automatically via the fuel adjustment clause.

Environmental considerations such as noise and vibration also ranked high. Since Barbados lies within the hurricane zone, the station building is stressed for high wind speeds.

Eight members of Light and Power's production department who are directly involved with the new plant's ongoing operations and maintenance undertook a three-month intensive training course in Sweden.

This course was geared to familiarise them with the basic engine design and included mathematical calculations of engine efficiency, fuel consumption, maintenance and engine assembly.

Subcontractors for the project were the ASEA group of Sweden for the complete electrical works, while the local firm of Edghill Associates Limited carried out the civil works.

Civil consultants were the Swedish firm VBB in association with Consultant Engineer's Partnership and Canadian International Power Services Limited were Light and Power's consultants for the project.

Low speed diesel engines have been used reliably for many decades to propel ships proving themselves to be fuel efficient and resilient, with low maintenance requirements. Because of the high capital cost of the low speed diesels for the generation of electricity, they have not been favoured by electric utility companies until recently.

The contract between the Barbados Light and Power Company Limited and Gotaverken Motor AB was formally signed on February 27, 1981. During that same month, site preparation work began at the Company's Spring Garden compound and the manufacture started on the two 12 cylinder L55GSCA Burmeister and Wain low speed diesel engines at Gotaverken's workshop in Sweden.

By June, the concrete pouring for the engines' foundation blocks was completed --each block containing some 700 tons of concrete.

The prefabricated powerhouse was supplied from Sweden and arrived in Barbados in August 1981. By November, the structure was ready for the delivery of the first shipment of power plant equipment.

The entire project, apart from the building steel was transported from Sweden to Barbados in three shipments. The first shipment was 2 000 freight tonnes.

Each engine-generator weighs over 450 tons. Special trailers had to be imported to transport the huge, heavy components from the deep water Bridgetown Harbour to Spring Garden. The route taken was the Spring Garden Highway itself under construction at the time.

Each engine was completely assembled and tested in Gotaverken's workshop and then stripped down for shipment to Barbados.

By the end of September 1982, the acceptance tests were completed and the plant handed over to the Barbados Light and Power Company. The plant was put into commercial operation on schedule on September 19, 1982, eighteen months after the site clearance work commenced.

However, with the tremendous fuel price increases which started in the 1970s, the capability and it is of interest that a number of small electric utilities in the Bahamas, Bermuda, Faeroe Islands, and the Sebring Utilities Commission in Florida have ordered low speed diesel equipment.

Prime Minister's Remarks

Bridgetown BARBADOS ADVOCATE in English 17 May 83 p 1

[Text]

Prime Minister and Minister of Finance, Mr. Tom Adams, said yesterday that construction of a multi-million dollar low speed diesel plant by the Barbados Light and Power Company, is clear testimony of the commitment of the Company and the Government to the continued provision of a good electricity service in this country.

Mr. Adams said that the transmission and distribution system of the Company extended throughout the island, ensuring that virtually the entire population had access to a service.

He noted that since 1976, the number of domestic consumers of electricity increased by some 9 000, and up to the end of last year, there were 64 000 consumers, meaning that approximately 95 per cent of households have electricity.

Mr. Adams made these comments yesterday, shortly before he threw the switch to officially start the new low speed diesel plant at Spring Garden, St. Michael. It was constructed at a cost of Bds \$70 million.

The Prime Minister spoke of the "strong relationship" between the

Government and the Light and Power Company, and added that the results was, their common desire to ensure that the island had adequate supplies of energy.

He emphasised the importance of an adequate and reliable supply of electricity to the development of the island's economy, "particularly its tourism and industrial sectors" which he said together provided substantial employment, and accounted for a sizeable proportion of the country's gross domestic product, while also providing the bulk of the country's foreign earnings.

Mr. Adams, observing that electricity generation in Barbados was an oil-based industry, pointed out that in 1981, approximately 56 per cent of the petroleum fuel consumed in Barbados was in the production of electric power.

He said that the country's petroleum needs were predominantly met from external sources, and added that in 1973, the Government paid \$10 million for energy imports, while in 1978 the cost jumped to \$37.8 million; and by the end of 1982, the oil import bill reached \$84.4 million, which absorbed almost

seven per cent of the country's export earnings.

"Similarly, the cost of fuel used in electricity production increased from \$4.5 million in 1973 to \$49.5 million in 1982" said Mr. Adams.

He said that fortunately, oil prices have fallen this year by US \$5 per barrel, and as a result, all users of electricity in Barbados have benefited by a 10 cents a gallon drop in the price of fuel.

But the Prime Minister cautioned, that this oil ease, however, "should not encourage us to loose our enthusiasm in implementing programmes within the energy sector to reduce our high dependence on imported oil — which is the overall goal of the Government's energy policy."

Mr. Adams further stated that to maintain and expand local production levels, Government had bought the assets of Mobil Exploration Limited, and the acquisition of those assets was essential to ensure the continuation of the country's oil and gas production, "a vital element in our efforts to save foreign exchange."

The Prime Minister also spoke of plans to set up a pilot plant to determine the full potential of generating electricity from wind resource and transferring the energy into the national grid, and added that the Inter-American Development Bank was providing Bds \$3.6 million for the execution of this project.

Mr. Adams said that Government was not only concerned about in-

creasing the indigenous supply of energy, but also in ensuring that the energy available was used in an efficient manner, and to this end, the Government, with the assistance of a Bds \$5.4 million loan from the World Bank, last month started a comprehensive energy conservation project.

The Prime Minister said that Government was fully aware that the low diesel plant not only provided vitally needed generating capacity, but also represented an important conservation initiative on the part of the power generating sector.

He said that the plant, with its ability to burn cheaper residual fuel oil, will contribute to a reduction in the country's fuel bill. He added that the latest estimates revealed that the operation of the new plant will save Bds \$9 million annually in the Electric Company's fuel expenses, "and ultimately what the public will pay for electricity."

Managing Director of the Light and Power Company, Mr. Frank McConney; Engineering Manager, Mr. Andrew Gittens; and Chairman of the Company, Mr. Eric Campbell, all addressed yesterday's inaugural function.

The ceremony was attended by a number of specially invited guests, including representatives of the many financial institutions which have provided funding for the project.

Minister responsible for Energy, Senator Clyde Griffith, also attended the ceremony.

BRIEFS

ELECTRICITY RATES--Barbadians will have to pay more for electricity. The Barbados Light and Power Company has been permitted to increase its rates but not by the 8.8 cents it had been asking for. An increase of 7.5 cents per kilowatt hour was granted the company in a 48-page judgement handed down yesterday at Queen's Park House by the Public Utilities Board. The increase is retroactive to November 15, 1982. However, this retroactivity will not be passed on to the consumer since it has been offset by savings in fuel. The company's new low-speed diesel plant at Spring Garden has saved \$3-1/2 million since November and according to Managing Director, Mr. Frank McConney, the retroactive amount is equivalent to this. [Excerpt] [Bridgetown BARBADOS ADVOCATE in English 13 May 83 p 1]

CSO: 3298/615

BRIEFS

TESORO OIL RECOVERY PROJECT--TRINIDAD-Tesoro's waterflood pumping station at Fyzabad has been upgraded for the resumption of water injection into wells in the Fyzabad field as the Company pursues its secondary and enhanced oil recovery programmes. Some of the facilities which have been introduced include: a new instrument panel with automatic devices to safeguard pumps and shut the station in case of problems, and the laying of pipeline 1,500 metres long and 7.5 centimetres diameter from the station to a well (172) that will be injected for the first time. Three new wells were also recently drilled and commissioned to augment the water supply in the field and electricity has been supplied for the operation of one of the station's three pumps. Electricity supply at the Fyzabad sub-station was recently doubled (from 1.5 megavolts to 3 mva) for utilisation in the waterflood injection systems, new steam generators, new oil pumps the tank farm and all new wells in the field. [Port-of-Spain TRINIDAD GUARDIAN in English 16 May 83 p 7]

CSO: 3298/616

TOURISM EARNINGS DOWN FOR 1982; ARRIVALS INCREASING

Revenue Drops 4.6 Percent

Bridgetown BARBADOS ADVOCATE in English 12 May 83 p 1

[Text] Barbados earnings from tourism last year declined by \$24.7 million or 4.6 per cent on revenue for the previous year, according to a Government report released yesterday.

The drop, said the "Barbados economic report 1982" was linked to a fall in tourist arrivals last year, and recession in major western countries; including Canada, the United Kingdom and West Germany as well as in Europe, from which the bulk of the holiday-makers visiting Barbados comes.

In 1981 Barbados earned \$526.9 million from tourism while earnings for last year totalled \$502.2 million.

Arrivals declined by 13.8 per cent last year, when 303 795 tourists visited the country, compared to 1981 arrivals totalling 352 591.

Tourism officials here blamed the drop in arrivals on factors including a cut-back in travel because of the recession, a hunt by tourists for cheaper destinations, and crime here.

In the 1982 winter--January to April--Barbados earned \$270 million from tourism, while in the 1982 summer--May to December--tourist earnings were \$245.2 million.

The report said that earnings from total hotel and guest houses last year amounted to \$178.4 million "total apartment hotel" earnings "121.5 million and "total apartment" earnings \$108.6 million.

It said that tourists in private accommodation spent \$78.4 million last year and earnings from cruise ship passengers amounted \$15.3 million.

During 1982, the Barbados Development Bank (BDB) approved 35 loans totalling \$1.5 million to the tourism sector. "The dollar value and number of loans approved represent a sharp decline when compared with 1981," the report said.

"The fall in the value of loans approved was \$6.8 million or 81.6 per cent, and the drop in the number of loans approved was 59 per cent."

"The decline in the number and dollar value of loans granted was the result of a decision to discontinue on a temporary basis support for the expansion of tourist facilities in traditional areas at a time of shrinkage in the industry.

Commercial bank credit to the tourism sector at December 1982, stood at \$101.6 million, 14 per cent of total credit to all sectors. The 1981 figure on credit was \$86.5 million.

Accommodation in the hotel industry grew by an estimated 406 beds during 1982 bringing the total capacity to 14 270 beds. The average hotel bed occupancy rate dropped to 45.5 per cent last year from 53 per cent in 1981.

Arrivals Increase 3 Percent

Bridgetown BARBADOS ADVOCATE in English 19 May 83 p 1

[Text] Barbados has recorded its first upswing in tourist arrivals in three years.

According to official figures, released yesterday 94 634 holiday makers visited Barbados in the first three months of this year, against 91 876 in the first three months of 1982--a three per cent hike.

The biggest monthly increase this year--17.2 per cent--was in March, when 32 640 tourists were in Barbados. In March last year 27 844 tourists visited the island.

It was unclear what had led to the increase in arrivals. Last year, Barbados reported a near 14 per cent decline in arrivals.

Arrivals from the United States, Trinidad and Tobago and Venezuela were up while those from the United Kingdom, Canada, the Caribbean Community (CARICOM) and West Germany, were down.

Tourist arrivals from the United States during the month of March increased by some 94.5 per cent. Some 12 132 U.S. tourists visited Barbados in March 1983 compared with 6 237 last year.

For the three month period this year tourist arrivals from the United States increased by 62.1 per cent to 35 790 from 22 085.

From Trinidad and Tobago, Barbados main CARICOM market, there was an increase of 101.8 per cent for March with arrivals here totalling 3 326 in that month compared with 1 648 for the same month last year.

For the three-month period this year, tourist arrivals from the twin-island Republic stood at 7 848 against 6 097 in 1982--an increase of 28.7 per cent.

Venezuela, Barbados main South American market, recorded a 67.9 per cent increase in arrivals for March. Tourist arrivals from that South American country stood at 235 compared with 140 last year.

Tourist arrivals for the three month period this year stood at 810 compared with 559 last year--an increase of 44.9 per cent.

Tourist arrivals from Canada for March this year stood at 7 499 against 9 546 in March last year a decline of 21.4 per cent and for the three month period 23 397 compared with 31 325 last year--a decline of 25.3 per cent.

Barbados recorded a 13.2 per cent decline in tourist from the United Kingdom during the first three months of this year compared to the same period last year, with arrivals totalling 11 477 compared with 13 218.

Tourist arrivals from the United Kingdom in March declined by 4.4 per cent with arrivals totalling 3 984 compared with 4 167 in March 1982.

Arrivals from Caribbean Community (CARICOM) countries were down 3.5 per cent for March. Some 2 657 tourists visited this sunshine country in March 1983 against 2 752 last year.

For the first quarter of this year arrivals from CARICOM stood at 7 343 against 8 067 last year--a decline of nine per cent.

Arrivals from West Germany during the first quarter of this year stood at 2 461 compared to 3 060 last year a decline of 19.6 for March, tourist arrivals from West Germany totalled at 959, against 968--a decline of 0.9 per cent.

Cruise ships passengers for March totalled 15 479 compared to 15 429 last year--an increase of 0.3 per cent.

CSO: 3298/620

ANALYSIS OF JOCKEYING FOR LEADERSHIP IN POLITICAL PARTIES

Bridgetown THE NATION in English 13 May 83 p 20

[Article by Neville Martindale]

[Text]

THERE are persistent reports surfacing about internal bickerings in both major political parties in Barbados, and these reports relate to the future leadership of the parties.

Prime Minister Tom Adams, as far back as the debate on the 1983-84 Estimates, in the House of Assembly in March, attempted to scotch a rumour that there were differences between himself and his deputy, Mr. Bernard St. John, who is also Minister of Trade, Industry, Tourism and Civil Aviation.

This was around the time when the "sacking" and "reinstatement" of Mr. Leroy Sisnett, Parliamentary Secretary in the Ministry of Tourism, was being discussed by Barbadians.

Up to now, no direct official reason was given by Adams for the treatment dealt out to Sisnett.

I vividly recall that in dealing with the issue, also during the Estimates debate, the Prime Minister skirted around it.

But he did make clear his powers, under the constitutional prerogatives of the Prime

Minister, in the sacking and appointment of ministers. And, he went a bit further to explain that the Prime Minister, in Cabinet, was *primus inter pares* (first among equals).

Now, in all the controversy surrounding the Sisnett issue, and subsequently, the "hurricane" letter by Prime Minister Adams to Director, of the Board of Tourism, Patrick Hinds, where does deputy Prime Minister and Minister of Tourism, Bernard St. John stand?

Here is where the doctrine of collective responsibility in the system of cabinet government comes in. Here was a Prime Minister, writing over the head of his deputy who has responsibility for a ministry, expressing grave dissatisfaction about its performance in the most scathing, and, almost condemnatory terms.

Right-thinking people may well wonder whether the performance of the board was brought to Mr. St. John's attention: he took action which was not effective enough, and the Prime Minister was then prompted to take the upper hand.

Whatever is said, or even done about this matter, it does not make Mr. St. John look good.

And the Opposition has been calling for his resignation. There has been no specific reply to this by Mr. St. John. One of the most hard-working Cabinet ministers with the largest number of portfolios under his command, Mr. St. John still seems calm and unruffled over the tourism issues.

Mr. St. John is regarded as the man to step into the breach should any emergency arise and Mr. Adams has to step down or suddenly had to relinquish office.

It would be a tragedy if Mr. Adams was forced out of the leadership of the Barbados Labour Party (BLP) at this stage of this country's political development. He possesses the qualities of a good politician. And, indeed, he enjoys politics.

Two young ministers of Cabinet, both lawyers, are also demonstrating leadership potential at the national level. They are Attorney General and Minister of Foreign Affairs, Mr. Louis Tull and Minister of Agriculture, Dr. Richard "Johnny" Cheltenham.

Mr. Tull has risen considerably in political stature after he became Minister of Education. He is widely respected by his Cabinet colleagues, by Opposition members in the House of Assembly, and also in international forums since he became Minister of Foreign Affairs.

Cheltenham, the other rising star, from all reports, is doing a commendable job in the Ministry of Agriculture—a ministry that has taken a good beating over the years.

He has been able to get the cooperation of the farmers and influenced agricultural workers to give this vital industry a new lift.

Cheltenham has shown that he is open to consultations, and fearless and forthright in decision-making. He showed some of his leadership qualities when he was even on the backbench.

But, in theory, the leadership of a political party is settled by the rank and file through its constituency groups at the annual delegates conference.

And the leader of the country — the Prime Minister — is according to the Constitution, appointed by the Governor-General; that person being the best able to command a majority among the elected members of the House of Assembly.

In the Democratic Labour Party (DLP) who would be that person if the party wins the next general election?

This is a question that is engaging the minds of many Barbadians. The Leader of the Opposition, is the person who is always most likely to take over as Prime Minister when his party is victorious at the polls.

Mr. Errol Barrow, a former Prime Minister for 15 years, is now the Leader of the Opposition. There are some people who feel that Mr. Barrow, now in his early 60s, should give way to a younger man to lead the DLP into the next general elections, con-

stitutionally due in 1986.

For a political leader, a general election campaign demands drive, unflinching energy, and superb oratorical skills to influence the electorate in his party's favour.

Would Mr. Barrow still possess all these attributes if a general election is called in 1986?

These have been favourable comments about his reply in the recent Budget debate—which give the impression that he is still an outstanding and knowledgeable leader, and elder statesman.

But whether he leads his party in the next General Election, or not, it is my view that his political weight will mean a lot in the scales of his party at the polls.

The younger Parliamentary members of the DLP seem not to show, at least publicly, any dissatisfaction about the political leadership of the DLP.

Some of them have even told

me that the leadership was not an issue. But when I questioned them further, they refused to budge.

Of the younger DLP Parliamentarians, Mr. Erskine Sandiford, who is Deputy Leader of the Opposition, seems to be closest to Mr. Barrow.

Mr. Sandiford is a scholar, who is reputed for reasoned and researched political argument which often wins praise from the Government in the House of Assembly.

Mr. Branford Taitt, president of the DLP, is a solid speaker, and good campaign organiser who revels in debate.

And Dr. Richie Haynes has gained great prominence in the party because of his Budget replies. He has made big strides in the short time after he gained a seat in the House of Assembly.

But which of these young DLP Parliamentarians will take over the mantle of leadership from Mr. Barrow, should he have to quit?

This is something that the DLP will have to definitely take a decision on before the next general election. The party may keep up the present strategy until an election date is announced.

But it must realise that shocks about leadership do not work at election time. The mood and minds of the people should be in a state of preparedness.

When a people are not prepared for a battle, the enemy takes over easily.

CSO: 3298/619

ECONOMIC REPORT SHOWS DECLINE IN FISCAL 1982-83 DEFICIT

Bridgetown THE NATION in English 13 May 83 p 24

[Text]

TIGHT controls on Government's current expenditure, and a sharp cut in the capital works programme, brought on by the completion of several of the major projects, reduced the total fiscal deficit to \$118 million in 1982/83.

This has been revealed in the Barbados Economic Report for 1982, which was presented to Parliament last month by Prime Minister and Minister of Finance and Planning, Tom Adams.

The report says that when loans and advances are included, the overall deficit reached \$147.7 million.

The current account deficit widened from \$4 million to \$7.2 million.

Current expenditure grew much more slowly in 1982/83 (6.1 percent) than in 1981/82 (11 percent), and in 1980/81 (25.2 percent), while revenue increased at a faster rate in 1982/83 than in the previous year.

The report points out that financing of the deficit rested heavily on the domestic banking system as the level of foreign borrowing was reduced to \$40.2 million.

Other sources of finance included the proceeds of a draw down of \$28 million under the Compensatory Financing Facility of the International Monetary Fund (IMF).

The major sources of revenue

for the financial year 1982/83 were taxes on income and profits, and taxes on goods and services which together contributed \$315.7 million or 63.7 percent of the total current revenue.

Of the \$26.2 million increase in revenue received during the year, \$19.5 million came from additional receipts from taxes from these two sources.

With the deepening of the international recession, receipts from taxes on international trade were depressed by 11.8 percent, falling to \$76 million in 1982/83.

On tourism flows, the report states that the tourism industry continued to experience declines in all areas during 1982, as the major markets continued to be affected by the international recession.

Long-stay visitors totalled 303 795, 13.8 percent less than the previous year. Figures for individual months showed continual decline ranging from as low as 4.3 percent in February to as high as 26.6 percent in June.

Cruise ship visitors decreased by 23.1 percent to 104 453 compared with a total of 135 782 in 1981.

The average length of stay of long-stay visitors dropped from 9.5 nights in 1981 to 8.3 nights in 1982.

Dealing with the Gross Domestic Product (GDP), the report says that real output in 1982 declined by 4.6 percent following a decline of 2.8 percent in 1981.

The only sector to achieve positive real growth in 1982 was the non-sugar agriculture and

fishing sector which recorded eight percent real growth.

The major export sectors were weakened by the low external demand for domestic goods and services, while the construction sector suffered from the spill over effects of reduced activity in the tourism and other sectors.

Output in the sugar industry was hard-hit by the very low price of sugar on the world market and from the reduced sugar production, caused in part, by excessive burning of cane.

The manufacturing sector, according to the report, relied heavily on the production of electronic components and garments for leverage, as production of all the other commodities declined.

Real output in the tourism sector declined by the largest value among all the sectors during the year, the report says.

CSO: 3298/619

HOUSING BODY'S BOARD TOLD TO RESIGN; OFFICERS PUT ON LEAVE

Brathwaite Action

Bridgetown SUNDAY SUN in English 15 May 83 p 1

[Article by Neville Martindale]

[Excerpt] THE Minister of Housing and Lands, L.B. Brathwaite, has called for the resignation of the entire seven-member board of the National Housing Corporation (NHC), and is now discussing new appointments for a re-constituted board.

The move follows the passage of a bill, which Brathwaite introduced in the House of Assembly last month, to increase the membership of the NHC board from seven to 11.

The minister told the SUNDAY SUN that some old members might be re-appointed to the new board, but he added:

"If a person is not re-appointed, that does not mean that he or she is not a good person that could be useful on a board, but housing may not be that person's cup of tea."

The present NHC board is headed by attorney-at-law Rudolph Hinkson. Other members are: Caroline Herbert, also an attorney-at-law and deputy chairman; Alwyn Howell, a retired civil servant, who served as secretary; Vere Rock, the Barbados Workers' Union (BWU) representative; A. D. "Bucky" Seale, a Bridgetown barber; Trevor Prescod, a businessman and Ebenezer Yearwood, a civil servant.

It is understood that they have been asked to submit their resignations by Tuesday.

About his charges in the House of Assembly, relating to "deadwood" at the corporation, Brathwaite explained:

"It was not only the board that I was referring to.

"At the NHC, I do not have the best quality of personnel in terms of management skill. And I am looking at these two areas jointly. In these areas, we need people with financial knowledge and certain expertise and also people who are independent-minded to a certain extent."

What Brathwaite wants he implied, is a new board that could apply the board principles laid down in the Housing Act in the performance of its functions, and not one to be spoon-fed by the minister on matters that were plainly the board's duty.

Further Personnel Action

Bridgetown BARBADOS ADVOCATE in English 18 May 83 p 1

[Article by Courtney King]

[Excerpts] Two senior officers of the National Housing Corporation (NHC), manager Mr. Ancil Grosvenor and engineer, Mr. Abdulhai Pandor, are no longer in their jobs.

Minister of Housing and Lands Mr. L.B. Brathwaite last night confirmed a report that both Mr. Grovesnor and Mr. Pandor have been sent on special leave.

The Minister did not give any reasons for this action, but stated that they were both on special leave "pending the outcome of certain enquiries."

Mr. Brathwaite said last night that actions which he was taking at the NHC were not being done lightly. He said that some of his actions have been painful. "But there comes a time in the public's interest when certain decisions have to be made," he added.

The Minister said that the Government will continue to do all it could to meet the pressing demands for housing in this country, but added that there was a lot of waste, both in the area of materials and in man-power.

"I believe that given the goodwill and determination to give an honest day's work for a day's pay, and being loyal to the corporation, we can achieve a lot more," said Mr. Brathwaite.

"There are a lot of square pegs in round holes, and this is engaging my attention," he added.

CSO: 3298/620

CONSTRUCTION ACTIVITY OFF; OVERALL UNEMPLOYMENT HIGHER

Construction Worker Layoffs

Bridgetown THE NATION in English 13 May 83 p 12

[Text]

CONSTRUCTION workers are up for grabs in Barbados.

A falling off in capital projects by Government, and the limited amount of financial assistance available to prospective house-owners, has resulted in hundreds of artisans being placed on the sidelines.

NATION investigation revealed that the majority of contractor and construction firms were now laying off masons, carpenters and painters, and that none was hiring staff.

A spokesman for Durahome Construction Company said that organisation was experiencing its hardest times ever, and furthermore that there were no signs of improvement in the near future.

He added that daily his personnel staff has to "turn-back" masons and carpenters, who usually enquire about possible temporary or permanent positions.

A Marken Construction spokesman said: "Things are at their coldest. We are barely keeping our heads above water, and the possibility of our taking on new artisans are out of the question."

The spokesman said that Government's reduction in their capital works projects, also affected operations.

Adams Construction has

already taken steps to explore more foreign markets, while a number of other firms, are either seeking private domestic jobs, or are considering a complete restructuring of their services.

Nord Construction firm, however, is reported to be blooming. According to a spokesman, it has received a number of Government tenders, and is now enjoying good business.

Private contractors and construction organisations are, however, fearing the worst.

Already a number of apprentice artisans have been laid off, and seasoned workers fear that at the completion of their present jobs, they will be made redundant.

A spokesman for a five member group said: "Things are pretty slow. We are barely maintaining our regular staff, and it would seem that unless some drastic change comes about, we will have to lay off the boys by monthend."

The gloomy situation in the construction industry at present, should be no surprise to engineering and architectural firms, as a number of construction personnel had predicted this situation at the end of 1982.

At that time, engineer, Miles Rothwell, had predicted that 1983 would've been a disastrous year. He had advised Government against going through with certain projects, such as the new Central Bank, as he had reasoned that such innovations would have done nothing to improve the state of the economy.

First Quarter Unemployment

Bridgetown BARBADOS ADVOCATE in English 13 May 83 p 10

[Text]

Data from the Continuous Household Sample Survey show that the unemployed as a percentage of the labour force for the first Quarter of 1983 stood at 14.71 per cent as compared with 11.4 per cent for the corresponding period in 1982.

The number of adults increased from 173 400 in the First Quarter of 1982 to 174 000 during the period under review.

The Labour force stood at 112 600 people of whom 61 000 people were males and 51 600 females as compared with a labour force of 110 600 people in the First Quarter of 1982. While the male labour force recorded an increase of 100 people, some 1 900 additional females were in the labour

force during the First Quarter of 1983 as compared with the equivalent period in 1982.

The number of people employed was 96 100 as compared with 98 000 people for January to March, 1982. There were 16 500 people unemployed during the review quarter as compared with 12 600 people for the First Quarter in 1982.

Those not in the labour force decreased from 62 800 people in 1982 to 61 400 for the review quarter. The labour force as a percentage of the total number of adults rose from 63.8 per cent for January to March, 1982 to 64.7 per cent for the review period.

CSO: 3298/619

TULL REPORTS GROWING INVOLVEMENT OF YOUTH IN CRIME

Bridgetown SUNDAY ADVOCATE in English 15 May 83 p 1

[Text] LEGAL Affairs Minister Louis Tull has pointed to disturbing factors among young people who were becoming involved in criminal offences, and said that the highest incidence of crime was being committed by persons in the 10 to 21 years age group.

In a message to officially launch Police Week today, Mr. Tull said it was alarming "and it is obvious that we cannot allow this trend to continue, it must be arrested."

The 14 to 21 years age group was previously responsible for the highest incidence among young people, he said.

He said Barbadians had been brought up into believing that it was the task of the police to prevent and detect crime, but acknowledged it was equally incumbent on the community to support the lawmen on any measures put forward to arrest crime in the country.

One such programme was a Juvenile Liaison Scheme soon to be implemented by police.

The aim of this scheme will be to identify children and young persons who have committed an offence, perhaps through inadequate family care and protection. Having identified them, the scheme will seek to turn them away from a life of lawlessness and crime and try to encourage them to become useful members of the society.

In addition it will provide an opportunity for parents and guardians to hold consultations with the police when it is perceived that children may be proceeding in a direction inimical to their own welfare and that of the community.

Mr. Tull said it was a fact that the child of today was the man-woman of tomorrow.

"But unless we take corrective measures now to curb the lawless propensities of some of our youth and channel them into socially acceptable avenues, we would

be condemning future generations of Barbadians to a society afflicted with still higher levels of crime at all ages of the population," he noted.

Mr. Tull also touched on drug trafficking and drew reference to a statement by Commissioner of Police Orville Durant who said persons involved were to be found among businessmen in the island.

He said he had appealed to the Commissioner of Police for the categories of persons involved.

Today's activities of the week will begin with a church service at the Calvary Moravian Church, Roebuck Street, to be preceded by a police parade from Central Police Station to the church.

The week will also feature open days, a concert, sporting events, and a tatoo.

CSO: 3298/619

BRIEFS

DROP IN CANE FIRES--The acreage of canes burnt this year shows a dramatic reduction to the corresponding period last year. Last year there were 6 643! acres of canes burnt and this year the acreage burnt was 1 312. Cane fires last year reached the 926 mark but for the corresponding period this year were reduced to 402. Mr. Geoffrey Armstrong, president of the Barbados Sugar Producers' Association, said the Green Cane Incentive Scheme by Government had caused a remarkable drop in fires. Mr. Armstrong said the 88 000 ton target of sugar for this year will not be affected by heavy rains experienced over the past two days. He said an early finish to the crop, a longer growing period and fewer fires held out good prospects for next year. Bulkeley Factory in St. George has finished grinding, while Carringtons in St. Philip and Portvale in St. James will be grinding to a close this week. Haymans in St. Peter, Foursquare in St. Philip and Andrews in St. Joseph are expected to finish grinding next week. The rains are expected to set back reaping for a few days. [Bridgetown BARBADOS ADVOCATE in English 12 May 83 p 1]

POOR SUGAR OUTPUT--The 1983 performance of the sugar cane smallholder sector has been the poorest recorded. Mr. Trevor Rudder, Smallholder Relations Officer of the Barbados Sugar Factories Limited, said yesterday that for the first time smallholders have failed to produce over 100 000 tonnes of cane. This year's production will be about 73 000 tonnes, he said. This figure represents a drop of 32 per cent from the 1982 production of 107 021 tonnes and is less than one-quarter of their best ever performance 16 years ago, according to Mr. Rudder. He said that if looked at in terms of percentage of national production it is equally disappointing. He noted that between 1976 and 1982 small farmers produced on average 15.1 per cent of the total crop, but this year they will be down to about 9.8 per cent. "To emphasise the importance of the small growers in the industry it must be pointed out that had their production this year been 15 per cent of the total crop, sugar production would have surpassed 90 000 tonnes." [Excerpt] [Bridgetown BARBADOS ADVOCATE in English 19 May 83 p 1]

CSO: 3298/620

CONTINUED LEFT-RIGHT DISSENSION REPORTED IN RULING PUP

Disclosures Against Right Wing

Belize City AMANDALA in English 29 Apr 83 p 1

[Text]

BELIZE CITY, Fri. April 29

The People's United Party right wing - Ministers, City Councillors, and pretenders alike - are in a state of virtual terror following a long letter to Minister of State V.H. Courtenay written by City Councillor Danny Meighan and exposing the principals in a conspiracy in which Meighan had become the sole and party scapegoat.

Meighan has reportedly called names, specified places, and provided details which have created a PUP earthquake of high rating on the Richter scale.

Chronology is important in understanding what happened. Seven weeks ago, Meighan, who had led demonstrations late last year against Musa, Shoman, and Price, (tagged "The Three Blind Mice") closed down his business and left for the United States with his wife and children. The right wingers who had used him thought that Danny had cashed in his chips, that he was gone for good. At the Central Party Council late last month the right wing - ers blamed Meighan for everything: all his cohorts self-righteously insisted that they had pleaded with him not to do

the very things which they had in fact egged him on to do.

Two weeks ago, Meighan returned to Belize and apparently decided since he was in fact now out of the party to exact a measure of revenge from those who have betrayed him. He spilled the beans to Courtenay who has, of course, passed it on to High Messianic. In PUP parlance, Danny Meighan "ratted" the rightists. PUPs are always "ratting" each other, which is to say, rushing to George and Lindy to accuse each other of all kinds of things in order to curry favour. Well, Danny Meighan was not looking to curry favour, but this is the most explosive "ratting" ever done in our generation.

The right wing is in confusion and disarray.

Contrary to a story published in this issue on page 5, Meighan has NOT re-joined Said Musa. While he has in fact broken with the PUP rightists, Danny Meighan is now an independent political personality who will be hotly wooed by the United Democratic Party.

The plot, as it is said, thickens.

Meighan-Musa Reconciliation

Belize City AMANDALA in English 29 Apr 83 p 5

[Text] Our reports say that City Councillor Danny Meighan has returned to the camp of Attorney General and Fort George representative Said Musa.

The reports are unconfirmed, but state that Meighan is blaming his erstwhile right wing cronies for exposing and then deserting

him.

Danny Meighan was an important part of Musa's campaign for the Fort George seat in 1979, but subsequently switched his allegiance to Lands Minister Florencio Marin, then to Energy Minister Louis Sylvester.

Campaign for Chairmanship

Belize City AMANDALA in English 20 May 83 p 1

[Text] BELIZE CITY, Fri. May 20--Reports from San Ignacio say that PUP Cayo North Representative Assad Shoman is working veverishly to organize and make financial as many PUP members and supporters as he can.

Speculation is that the Health Minister will personally challenge for the third most powerful post in the governing party, the Chairmanship, at the critical PUP national convention scheduled for next week Sunday, May 29, in Belmopan.

The incumbent Chairman is Energy Minister Louis Sylvester, a man diametrically and bitterly opposed to the Health Minister for reasons more than one.

Shoman, incidentally, spoke at a Rotary Club luncheon at the Fort George Hotel this Wednesday. The luncheon was attended by about half of the Rotary members. The Health Minister admitted that there is a grave financial problem in the hospitals and health care services.

CSO: 3298/621

PAPER NOTES THREAT FROM HONDURAS ADDED TO GUATEMALA'S

Belize City AMANDALA in English 29 Apr 83 p 2

[Editorial]

[Text]

Belize has been having problems for the last 40 years with a persistent and aggressive claim to its territory by the powerful republic of Guatemala to the west of us.

It now seems Belize may soon be threatened by another republic, this one to the south of us, specifically and namely, Honduras.

In 1981, Honduras for the first time claimed Belizean territory, declaring that the Sapodilla Cays belonged to her. Since then, Honduran fishermen in increasing numbers have been poaching in Belizean waters and illegally exploiting our marine resources with great impudence.

Under the circumstances, it is with some concern that we learn that the Reagan administration has requested that security assistance for Honduras be doubled for 1984 from the present 1983 \$20 million U.S. to \$40 million U.S. The United States has installed a \$5 million U.S. radar in Honduras to detect unidentified flights in Honduras, Salvador and Nicaragua (Miami Herald 3/11/83) and the Honduras government is lobbying to get the School of the Americas (U.S. school to train Latin American soldiers) to move to Honduras (New York Times 3/19/83).

According to Rev. Richard C. Preston of the Honduras Information Center (1151 Massachusetts Avenue, Cambridge, Massachusetts 02138), "The U.S. government, in the name of its multinational interests, has chosen to use Honduras as the seat of its counterinsurgency efforts against the people of El Salvador and Guatemala. Likewise, it is used as a thinly disguised base for counter-revolutionary bands of former Somozan National Guard members who, while living in Honduras, enter Nicaragua abducting, terrorizing, and killing innocent Nicaraguans. Similarly, the reports of internal repression by the Suazo/Alvarez government indicating a dramatic increase of disappearances and deaths in the last years are staggering." The statement is taken from a

Rev. Preston letter of March 4, 1983, to Rep. David Bonior of the U.S. House of Representatives.

The official position of the United States government is partially explained by Jeane Kirkpatrick, U.S. representative to the United Nations, in an article written for the Washington Post and printed in the Miami HERALD of Sunday, April 24, 1983. Ambassador Kirkpatrick wrote as follows:

"The character of El Salvador's guerrilla struggle is no more ambiguous than that of Nicaragua's government. Since the elections of March 1982, nobody even pretends that the FMLN enjoys popular support, is "really" a bunch of agrarian reformers or a coalition that would, if victorious, usher in a more perfect democracy.

"The fictions with which Communist insurgents have conventionally clothed their conquest of power are not available to the partisans of the FMLN. The pretense that the FMLN is an indigenous guerrilla movement without significant foreign support has also been largely abandoned. Too many truckloads, planeloads, boatloads of arms from Cuba, Nicaragua and the Eastern bloc have been found; too many documents have been captured, too many pictures taken, too many bold announcements made from Managua. The facts about the FMLN are understood by people interested in these questions. It is a professional guerrilla operation directed from command and control centers in Nicaragua, armed with Soviet bloc arms delivered through Cuba and Nicaragua, bent on establishing in El Salvador the kind of one-party dictatorship linked to the Soviet Union that already exists in Nicaragua.

"There has, moreover, been so much discussion among them of "revolution without frontiers," of "liberating" and "unifying" Central America, so many threats to Honduras, so much bullying of Costa Rica and guerrilla activity in Guatemala, that it is hardly possible seriously to doubt the regional character of Soviet-Cuban-Nicaraguan goals."

Belize happens to be on the edge of real, shooting wars. No shells have yet dropped on our territory but we have to struggle with the problems caused by immigrant refugees from these wars, and also the fact that our local politics have taken on the rhetoric of brutal right and terrorist left.

Under the circumstances, the much publicized building of two Britten-Norman Defender aircraft for the air arm of the Belize Defence Force seems to us an exercise in defence cosmetology.

PAPER HITS BELMOPAN POLITICS, PUP PRACTICE OF FAVORITISM

Belize City AMANDALA in English 29 Apr 83 p 5

[Text]

Belmopan, more than ten years old, is the perfect example of how Mr. Price wants to run the whole of Belize country - as a one man fiefdom.

There is no city council in Belmopan, no town board, not even a village council. There is no participation of the inhabitants of the capital city in the decision making process. All power is concentrated in the hands of the Reconstruction and Development Corporation which is responsible directly to, of course, the Prime Minister.

Everything in Belmopan is politically structured and manipulated. A good example of this is the Agricultural and Trade Show: all the tenders for stalls and concessions are run through the "computer" and if your colour is not blue and white, your chances are those of a catfish in the Belize River.

* * *

Every day I listen to a lot of sincere and talented people frustrated by the inequities and injustices of

the system. Some of these people really can't figure out how come if so many of us are being victimized, the structure does not come tumbling down.

To understand, you have to look around carefully at the number of PUP and PUP opportunists who are reaping inordinate harvests. Consider all those unqualified people who can cut through government bureaucracy with the aid of a phone call from the Treasury building. Consider all those in illegal businesses who pay off the minister so that the hustling - drugs, fencing of stolen goods, prostitution, gambling and so on can continue. Consider all those who obtain jobs for which they are not qualified and yes, those senior public servants who have learned to hustle like the politicians, and when you start adding them all up, you will know that there are many privileged who worry not about rising cost of living or the social security scam or the trouble with pay day or no tissue paper in the government departments.

TENSION MOUNTS IN SUGAR BELT IN REACTION TO INDUSTRY THREAT

Dimensions of Problem

Belize City AMANDALA in English 29 Apr 83 p 1

[Text] BELIZE CITY, Fri. April 29--Caneros of Corozal district, the area where the sugar industry began, are faced with a crisis of exceedingly large proportions following the Belize Sugar Industries' threat two weeks ago to close down the Libertad Sugar Factory next month unless certain conditions are met.

Tate and Lyle subsidiary BSI wants to sell out their 90 per cent shares in the Libertad factory. BSI wants to open a trust into which Corozal caneros, factory employees, and perhaps the Caribbean Development Bank will pay money until they have paid \$18 million (U.S.) for ownership of the factory.

BSI wants only 15 per cent ownership of the factory but wants to retain management powers.

In addition, BSI wants to change the present 65 per cent caneros, 35 per cent BSI split of the profits to 60 caneros, 40 BSI.

Faced with what one leftist observer described as "transnational blackmail," Corozal caneros have looked south to Orange Walk for a share of their Tower Hill quota, but some Orange Walk caneros have been saying that no Corozaleno will be allowed into their district.

Needless to say, tension is building in the sugar belt.

Meeting of Farmers

Belize City AMANDALA in English 20 May 83 p 1

[Text] COROZAL TOWN, Tues. May 17
At a standing room only meeting held yesterday afternoon at the Deluxe Cinema and which attracted an estimated six hundred plus cane farmers, members of the Corozal branch of the Cane Farmers'

Association resolved that an independent auditing of Belize Sugar Industries' accounts be conducted. This is to be done to determine whether in fact BSI's operations are running in the red. If such be the case, the

farmers decided, then they might reconsider their position on surrendering the 5% profits as suggested by BSI. AMANDALA learned that such an exercise would cost the CFA a very tidy sum of about 50 thousand dollars (Bze.) It is expected then that the Corozal CFA would ask their Orange Walk counterparts to throw in their pound. The man for the job initially suggested is a Trinidadian expert who was attached to the now defunct sugar industry there.

Needless to say tension was high and tempers short at yesterday's meeting which lasted well over three hours.

Scrutiny of the BSI ledgers seems to be the order of the day. It was learned that upon BSI's approach to government for the purchasing of shares, the govern-

ment expressed intention of also auditing the company's accounts. This, explained an expert auditor in Corozal, would be necessary since government would naturally want to know if purchasing X amount of shares would be worth paying X amount of dollars. Government's man for this job is said to be Mr. R.C. Swift of the Finance Ministry and/or the Central Bank.

And in a more serious development, it is reported that a certain elected representative in government, without the consent of the farmers, negotiated the loan of a very huge sum of money from a firm in Belize City. The report continues that this representative held meetings with farmers and it was agreed that the loan be made under certain conditions. But Mr. Rep. took it on himself to secure the loan.

UDP Meeting

Belize City AMANDALA in English 20 May 83 THE UDP BULLETIN p 2

[Advertisement of the United Democratic Party carrying the disclaimer: "The views expressed therein are not necessarily those of the Editorial board of AMANDALA"]

[Text] A very successful public meeting was held in Orange Walk Town last Friday night, May 13th. The people of the town and nearby villages turned out in large numbers to hear UDP speakers talk about the sugar crisis, the economic and political situation in Belize today, and the policies of the United Democratic Party. Speakers included the Party Leader and Deputy Leader, Mr. Sam Rhaburn from Belize City, Mr. Ed Longworth from Corozal Town, Senator Elodio Aragon and Mrs. Pinita Espejo, councillor of the Orange Walk Town Board. The meeting was chaired by Mr. Reuben Campos, also a councillor of the Orange Walk Town Board.

As the date for the threatened closure of the Libertad factory approaches (May 31 st.), the government has yet to come up with anything positive to relieve the critical situation that is developing in the sugar industry. Government ministers will say only that they are studying the BSI's proposals. Do we take that to mean that they have no ideas of their own? Half of our export revenue is at stake, and the government behaves as if nothing is happening! As usual, their arrogance will not allow them to consult with the Opposition or with the cane-farmers, even though the closure of the factory would be a disaster of national dimensions. Instead they prefer to issue pronouncements from Belmopan and they are prepared to use force to implement whatever decisions they may eventually make. It is interesting to remember that 'Black Wednesday' in Orange Walk will be having an anniversary on May 25th. For the sake of the sugar industry and the country, let us hope the government will have something better than that to offer the people of the North this time.

GOVERNMENT BREAKS COMMITMENT TO WORKER IN BACK-PAY CASE

Belize City THE BEACON in English 14 May 83 pp 1, 8

[Text] LEGAL and political observers have been completely confounded by the callous bad faith shown by the Government of Belize in the matter of James Requena v. The Attorney General.

Mr. Requena, a humble citizen formerly employed by the Ministry of Works as a watchman, claimed that he had been worked night and day for over a year at the Mile 51 quarry (Stann Creek Rd.) without ever receiving overtime pay. He therefore sued the government for some \$14,000. Before the matter could be concluded in the Supreme Court, the Attorney General proposed that government pay Mr. Requena \$10,000 in satisfaction of his claim. This was accepted by Mr. Requena, who withdrew his court action in consequence of the settlement.

Some two months have now passed and Mr. Requena is yet to receive his money from government. In fact he has been told point blank by the Ministry of Works that he will not be paid. Meantime the Attorney General's office is saying that although it committed government to paying the money, the matter rests with the Financial Secretary and the Ministry of Works, and if they refuse to pay, there is nothing the A.G. can do.

When the government of the day violates its own agreement, repudiates its obligations, and unashamedly abuses its power to the complete prejudice of its citizens, it invites a breakdown of the entire relationship between those who govern and those who are governed. This is a most dangerous development, symptomatic of the chaos within the PUP, which now threatens to engulf the entire country.

CSO: 3298/622

UDP POLICY ON BELIZE RELATIONS WITH UNITED STATES NOTED

Belize City AMANDALA in English 20 May 83 THE UDP BULLETIN p 2

[Advertisement of the United Democratic Party carrying the disclaimer: "The views expressed therein are not necessarily those of the Editorial board of AMANDALA"]

[Text]

1. In the view of the United Democratic Party, Belize-U.S. relations must be seen in the context of U.S. policy towards the region as a whole.
2. Following on this, the UDP sees the conflicts in Central America as being primarily the result of historical conditions, social and economic oppression of the masses of the people, ruthless dictatorships, and U.S. economic and political manipulation in the region. NEVERTHELESS, we share the U.S. view that the conflicts have taken on very definite East-West dimensions.
3. The UDP believes that the Soviet Union, operating through certain proxy states in the region, is actively seeking to exploit local conditions of misery and repression, to promote Marxist revolution in Central America so as to expand its influence and gain new allies in its assaults on western democracy.
4. The UDP, as a believer in Parliamentary Democracy and the private enterprise system - tempered with social and economic justice - feels that Belize ought to support, in principle, U.S. efforts to resist Communist penetration in the region.
5. The UDP has serious reservations about certain methods adopted by the U.S. in order to achieve its policy objectives. At the same time, the UDP feels that Belize ought not to take part in the public, ritual, one-sided denunciation of the United States as engaged in by the socialist bloc countries. Such use of rhetoric serves no positive purpose and tends to harden the very conditions we seek to change.
6. The UDP is convinced that because of the greatly heightened concern and attention which the U.S. is focusing on the region, Belize's support, in principle, of the U.S. can be of a critical strategic importance (out of all proportion to our small size), to the U.S. political and diplomatic efforts in Central America.
7. The UDP recognizes that all states, including the U.S. and Belize, must maintain policies that put their own self-interests first. At the same time, we expect that the larger nations must exercise genuine concern for the well-being of smaller na

-tions. Large states must pursue their own interests with a conscience, and must be ever mindful of justice and fair-play. In this regard the UDP seeks a concrete commitment from the U.S. to promote the sovereignty and territorial integrity of Belize and to reject the false claim of Guatemala to Belize. This is an issue of paramount importance to the people of Belize. Any U.S. policy favouring Guatemala's pretensions would be a threat to our security and freedom.

8. In addition to the above, the UDP expects that the U.S. will adopt economic and trade policies favourable to our development. The political health of Belize depends on Belize's ability to trade with large countries like the U.S. on an equitable basis. No amount of aid can substitute for this, however welcome the aid might be. (To be continued)

CSO: 3298/623

PUP GOVERNMENT SAID TO BE REDEFINING ELECTORAL BOUNDARIES

Belize City AMANDALA in English 20 May 83 THE UDP BULLETIN p 2

[Advertisement of the United Democratic Party carrying the disclaimer: "The views expressed therein are not necessarily those of the Editorial board of AMANDALA"]

[Text]

Reliable information has reached the office of the United Democratic Party that the Government of Belize is going through the exercise of redefining the boundaries of various electoral divisions, and obviously any change suggested by them undoubtedly will be in the best interests of the P.U.P.

It is expected that from the exercise there will be a possible twenty five to twenty nine seats in the House of Representatives come next election. The P.U.P. will of course try to use every trick possible to have the best advantage in gaining the majority of seats.

One would have expected that the Opposition be consulted in this exercise and not presented at the end of the exercise a final plan for acceptance. Of course, this is Government's usual way of doing things.

Since the Elections and Boundaries Commission is a P.U.P. institution set up by the Prime

Minister, all information and consultation pass between them, but the Opposition does not enjoy this privilege.

We know that the Government is adjusting the boundaries, but let it be known that the U.D.P. will not sit idly and have the Government present a final map of new electoral divisions without the opposition being involved in the preparation of same.

The United Democratic Party has demanded representation, and insists that it be involved at all stages in the exercise.

Let it be understood that the United Democratic Party strongly advises the Government that it will not tolerate any gerrymandering of electoral seats in the readjustment of boundaries suitable only to the P.U.P., and will resist this in every possible way.

In the meantime the U.D.P. is taking steps to prevent any illegal or hasty action by Government as suggested by this report.

PUP OFFICIAL URGES TOLEDO FARMERS TO GROW MARIJUANA

Belize City AMANDALA in English 20 May 83 THE UDP BULLETIN p 2

[Advertisement of the United Democratic Party carrying the disclaimer: "The views expressed therein are not necessary those of the Editorial board of AMANDALA"]

[Text]

Vincente Choco, the man who betrayed his people in Toledo and went over to the PUP for a menial job at the Marketing Board, has been going around the villages in Toledo encouraging the growing of marijuana. Choco is alleged to be telling the farmers in the area that if they vote for PUP in 1984, government will build a special market for their marijuana. What a disgraceful tactic. It is this same government and its Marketing Board that has denied the farmers fair prices for their rice, beans, and corn. This same government that has kept the farmers in poverty, that has forced some desperate fathers to turn to illegal activities such as growing marijuana, this government is now telling these poor people that it is through government's goodness that they are allowed to plant marijuana. We need our farmers to produce food for us, and government should be doing everything in its power to see to it that the farmer can prosper by engaging in this nation - building activity. What would happen to us if our farmers all turned to marijuana? What will happen to the peaceful way of life in our villages if the dangerous traffic in marijuana should become the order of the day? Come on, PUP, think about the people for a change, and stop thinking only about votes.

CSO: 3298/623

BRIEFS

REPORT ON PRICE TRIP--BELIZE CITY, Fri. April 29--Our reports are that Prime Minister George Price, leader of a party whose left wing "Democratic Direction" is on the offensive all over the country, has chosen a select group of 12 PUP businessmen to take to Washington with him on May 12. The PUP businessmen, that is, those who receive all the special permits and plums in return for party loyalty, will be used in an attempt to convince President Reagan, the no. 1 right winger in the world, that Belize is safely right. Observers have remarked that it is noteworthy that no executive of the efficient Santiago Castillo conglomerate has been invited, the reason for this being that the San Cas people are not "good soldiers of the revolution." As an aside, it is understood that the P.M. will have accompanying him Tribune editor Ray Lightburn who will tell Reagan and State Department officials how free the press is in Belize and how much support the Belize government gives to newspapers like his. [Belize City AMANDALA in English 29 Apr 83 p 1]

CRITICISM OF NATIONALIZATION--We see where the local leftists and socialists are on a nationalization high. They want the PUP government to nationalize sugar, rice, and citrus. If the PUP government's record on nationalization is anything to judge by, then nationalization of those industries would amount to euthanasia instead of resurrection. The PUP nationalized the radio station some years ago. The radio station is now a disaster area. They nationalized sports four years ago. Sports is also now a disaster area. They even nationalized a city--Belmopan. The liveliest thing about Belmopan is Roaring Creek. If it were not for Roaring Creek, most of Belmopan would have gone crazy already. No, nationalization by the PUP is no solution. In fact, nothing done by the PUP will be the solution. Because the PUP itself is the problem. [Editorial] [Belize City AMANDALA in English 20 May 83 p 2]

CSO: 3298/623

HAVANA LOOKS AT POPE'S VISIT TO CENTRAL AMERICA

Havana BOHEMIA in Spanish No 17, 29 Apr 83 pp 66-67

[Article by V. Robles]

[Text] Last 2 March Pope John Paul II visited Central America and the Caribbean. On previous occasions he had visited 38 countries, surpassing the traveling tradition instituted in the Catholic Church by John XXIII, the pope of the "dialogue" and "peace on earth," and carried on by Paul VI, the pope of "the opening to the socialist countries."

The Latin American countries had been visited before on three occasions by John Paul II: for the inauguration of the Third General Latin American Bishops Conference (CELAM), which took place in Puebla, Mexico, in 1979; on the occasion of his trips to Brazil in mid-1980 and to Argentina in 1981 during the Falklands War, a few days after his visit to Great Britain, the country that fought a war against the former.

Such visits emphasize the interest and importance Latin America arouses in the Catholic Church, a fact that is reaffirmed when we realize that that institution calculates that approximately over half of the world's faithful Catholics will be living in the Latin American countries by the end of the century.

However, the current pope's recent tour, which included Costa Rica, Nicaragua, Panama, El Salvador, Honduras, Guatemala and Haiti with a brief transit of Belize, was an unusual event.

According to disclosures made by the FRENCH PRESS AGENCY (AFP), a few days before the start of his trip he described it as "the most audacious undertaking," while some observers maintained that what he meant was a "challenge." Obviously, such statements relate to the dramatic situation in Central America.

According to religious media in San Jose, Costa Rica, the Catholic Church of Central America that was waiting for the pope described itself as being a church "at war" on which the same conflicts the society of the region suffers from have left their imprint. Because of them, analysts have asserted, the Central American Church is today more than ever a "church of martyrs," attested to by the violent deaths of hundreds of Catholics and dozens of monks, nuns and priests committed to improvement of the region's actual situation.

During the days prior to the supreme pontiff's arrival, other news dispatches took it upon themselves to point out the general situation in the region, one of the world's poorest and most backward areas in which, alongside the depressing situation with regard to illiteracy, malnutrition, disease and poverty, among the other consequences of imperialist domination and exploitation, political instability and armed conflicts may be observed. On the other hand, according to the AFP, the violent situation has meant that in most of the countries of the isthmus there is a "popular church" and an "ultraconservative" one.

In statements made on 28 February and covered by the Spanish Press Agency EFE, Mexican bishop Monsignor Sergio Mendez Arceo asserted that "the expectation most in keeping with history would be for the pope to take angry note of U.S. intervention."

Reports on the situation in Central America, statements and messages sent to the head of the Catholic Church by well-known figures, organizations, religious groups and groups involved in the defense of human rights as well as Mendez Arceo's warning were dramatically confirmed on the eve of the pope's arrival in the region by the murder of 17 young Nicaraguan students on the Honduran border by military units that operate with impunity from that country. Vigil over their bodies by the Nicaraguan people on Plaza 19 de Julio, where the supreme pontiff was later to deliver his homily which he had from the Vatican decided to dedicate to "church unity."

A few hours later, John Paul II's appeal to over 40,000 youths to "break the chain of violence that engenders violence" was drowned out by the shots of the firing squad that cut short the lives of six youths accused of being "terrorists" in Guatemala.

Both events were widely commented on by local and international news agencies, which stressed the regrettable cooccurrence of those dramatic events with the "messenger of peace's" tour. The outcome of the pope's meeting with judges of the Inter-American Court for Human Rights (CIDH), namely that the situation in this area is "frankly discouraging," exhibiting a special concern for the "systematic criminal practices" that the armies of Honduras, El Salvador and Guatemala carry out "against the civilian population," was also published.

According to what was made public, the rough outlines of the ideas the holy father was to develop on his tour of Central America would be: to make a plea for a dialogue and for peace, overcoming conflicts through love, an irreplaceable factor for peace instead of arms, and making appeals for pardons through which he called on Catholic believers to refrain from engaging in armed struggles for liberation against the terrible socioeconomic conditions existing in the region; to insist that Christians should avoid "all ideologies" and strengthen the unity of the church by rallying about the persons of the bishops.

Observers from many countries agree in maintaining that John Paul II's visit to Central America was manipulated by the forces of reaction.

Some noted that "it is not a matter of mere manipulations by the Right," asserting that "the Vatican, the summit of the Roman Catholic Church, wanted it to be that way," accusing it of siding with the reactionary forces, while others assure us that the pope "was not sufficiently informed," referring to the reasons for and solutions to the conflicts in the area, which have an impact on the Latin American Church, forcing it to participate in the confrontations.

Basing themselves on statements made by the supreme pontiff during his earlier visits to Mexico and Brazil, the analysts were fundamentally able to judge that the region's populous and poor sectors, which form immense majorities, to which must be added antiwar intellectuals and priests connected with the dispossessed classes, had hoped for a more effective contribution to peace in a convulsed Central America from the papal visit and support for their demands relating to the respect for human dignity he had justly proclaimed in different contexts.

In Nicaragua along with this hope special conditions existed that imbued the papal visit with a particular implication. There a large number of activists and Sandinist National Liberation Front (FSLN) fighters found in the interpretation of their faith reasons for joining the revolutionary struggle, many of them serving as important examples, to the extreme of watering the seed of liberation with their blood. Other Christians, laymen and clergy, who had never been active in the ranks of the FSLN, although they did have links with it, preached and practiced their faith in accordance with the needs of the people to liberate themselves.

Because of their courageous participation in the struggle, the Catholic Church and Christians in general suffered persecution and death, oppression and saw the exercise of their Christian faith interfered with in a thousand ways at the hands of the hordes of the Somoza tyranny.

It was precisely in this country that, after the revolutionary victory, imperialism through all the means available to it began to exert its influence for the purpose of dividing the church and fostering political manipulation of it by private sectors opposed to the Sandinist Movement.

In this way they presented the image of a church in which priests, clergymen, monks and popular Christian communities appeared as civil disobedients, deviants, politically indoctrinated and manipulated by the FSLN which was trying to divide it, on the one hand, and, on the other, as an ecclesiastic institution grouped about the bishops that opposed persecution, atheism and totalitarianism, that is, the supposed atheistic communism of the Sandinistas as it appears denounced by the Managua newspaper, NUEVO DIARIO.

The people of Nicaragua harbored great hopes and expected of the pope's visit declarations of solidarity with their humane and patriotic demands. Furthermore, the people's expectation was stimulated by a unique plan which, according to the EFE, the Sandinist government, the bishops of that nation and a delegation from the Vatican had agreed to promote.

On 4 March the newspaper, BARRICADA, the FSLN organ, claimed that over a half a million Nicaraguans were able to see John Paul II, despite an ostensible lack of cooperation on the part of Monsignor Miguel Obando y Bravo, the archbishop of Managua, and the priest, Bismark Carballo, in contrast with the discreet participation of other bishops on the Church-State Coordination Committees.

Some analysts attributed Obando and Carballo's "lack of cooperation" to their dissatisfaction over the presence in Managua of a Vatican coordinating delegation which, according to a statement by Obando to a press agency (AIP [Pernambuco Press Association]), "dealt directly with the Nicaraguan Government," while others found their explanations in alleged ties between the Archdiocese of Managua and the American State Department.

Many Christians' joy over the pope's visit to Nicaragua was very much linked with the long-awaited attainment of peace in the nation and in the Central American area, due to the constant attacks the people of Nicaragua have suffered, especially on the Honduran border and because of their great sensitivity to the martyrdom of brother nations like El Salvador and Guatemala.

That is why, in interviews and even in popular songs broadcast by official and privately-owned radio stations, the papal visit was connected with "a message of peace."

This explains the much-commented "disappointment," "frustration," "sadness," "disillusionment," etc. that many observers say they sensed among the people of Nicaragua after John Paul II's proclamations, especially on the Plaza 19 de Julio during which homily, according to the EFE, he demanded obedience of the bishops and pleaded for church unity to "counteract the various direct or indirect forms of materialism which your mission finds in the world," although many interpret these words and other denunciatory gestures in the sense that he was trying to support the above-mentioned archbishop, Obando y Bravo, an admitted political opponent of the National Reconstruction Junta.

While many participants at the main event shouted watchwords in chorus like "we want peace," "there is no contradiction between Christianity and revolution," etc., John Paul II did not introduce variations in his speech, although it is claimed that in the face of the vehemence of the popular outcry he briefly abandoned the text of his speech to say: "The church too wants peace."

A priest, Father Miguel Concha, later declared in Managua that "one gets the impression that the pope had a way of looking at Nicaragua through the eyes of Rome, beyond the reality of the people," emphasizing that it seemed to him that he had passed through Nicaragua only "physically."

As for the FSLN, in statements that appeared later in various press media, it said that it had faith that "the complaints of mothers and most of the people of Nicaragua for their heroes and martyrs, the victims of an aggressive imperialist policy, and their clamor for peace, which found excessive popular expression during the mass on the Plaza 19 de Julio (last 4 March), were heard and translated into a specific determination to work in that direction."

In his parting words on leaving the country, published in Spanish in the weekly L'OSSERVATORE ROMANO, the supreme pontiff said: "And before leaving, I feel I must warmly express my gratitude to the government junta and the many people who have in various ways cooperated with it for the courtesy of their welcome and the preparations they made to make it possible for me to come here and meet with the faithful of this beloved people."

Two days after these events, speaking in El Salvador, a country in which a bloody civil war is being waged, the pope spoke of peace and particularly of "reconciliation."

In San Salvador John Paul II said that he agreed with the "measures announced by the president and all other suitable means," which the analysts have interpreted as not very veiled support for Mr Alvaro Magana's election campaign, under the egis of, according to the latter, a "Central Election Board and the OAS."

Meanwhile, organized into the National Trade Union Federation, Salvadoran workers asked the pope to "be the voice of those who have no voice as was our spiritual leader and martyr, Oscar Arnulfo Romero, murdered on 24 March 1980," pointing out that "your appeal for peace can only be realized after a number of necessary conditions are met, among them, a general amnesty accompanied by the repatriation of those who have been exiled and resettlement of displaced persons" as well as "freedom of speech, assembly and organization, the repeal of repressive laws and decrees and the release of political prisoners and persons who have disappeared."

The Salvadoran workers said that for peace to exist "we have to enter into a dialogue, raise the state of siege and human rights must be fully protected."

According to a statement by American Ambassador to El Salvador Dean Hilton, published by the AFP, the papal visit in that country was "marvelous."

As John Paul II himself acknowledged in Haiti, the country where he ended his tour, it was in El Salvador "that he received the warmest welcome of his entire Central American tour."

This statement was made public by Monsignor Arturo Rivera y Damas, the archbishop of that country, in a homily he delivered on Sunday, 20 March, in which he too referred to the murder of the chairman of the El Salvador Human Rights Commission, Mariella Garcia Villa, by the Salvadoran Government.

The supreme pontiff seems to have been significantly impressed by the defenselessness, poverty and penury of the Indians of Guatemala in the country's gloomy situation, since on 7 March, before a half a million of them in Quetzaltenango, he referred to the unjust situation and absence of rights imposed on them.

This gloomy picture was best described in an account by the bishop of San Marcos and chairman of the Guatemalan Episcopal Conference, Monsignor Prospero Penados del Barrio, published by the weekly L'OSSERVATORE ROMANO under the

title of "Guatemala: an Illusionary Hope," in which he states that: "Those most hit by this national tragedy have been our Indians and poor farmers, who have been practically decimated these past 15 years.

"The church has not been blind to the suffering of the Guatemalan people and it has itself been hard hit, whether it be due to the murder or disappearance of 12 priests and nuns and monks, the death of hundreds of catechists or the dispersion of countless rural communities. Several priests and nuns have been threatened with being forced to leave the country and one inland diocese, El Quiche, has been completely abandoned."

According to the EFE, by way of resolving this dramatic situation, John Paul II proposed the solution "outlined by the church in its social education in order to in this way achieve the necessary reforms," without supplying specific experiences.

After interrupting his trip very briefly for 100 minutes in Belize, the pope arrived at the final stop of his tour, Haiti, where he declared before 200,000 people that "the situation must change." Later, having gone on to see the Latin American bishops assembled at the 19th CELAM, which had its headquarters in the capital of that country, Puerto Principe, he communicated his concern to them over the future of the Latin American Church, closely tied to the future of Catholicism not only in the hemisphere, but throughout the world.

Some people have voiced critical opinions since the supreme pontiff's visit to Central America. Thirty worker priests from the western section of Paris sent a communique to the AFP — as that agency let it be known on 22 March — "in which they regret that the pope was against priests' participating in revolutionary liberation movements," but "was willing to be received as a head of state by the dictators and murderers who oppress most of the countries he visited."

Others, however, still expressed hopes that John Paul II would later give thought to the harsh socioeconomic realities he had occasion to witness during his tour of Central America and the Caribbean, realities which, according to the weekly L'OSSERVATORE ROMANO of 27 March last, he recognized in referring to his trip to Central America when he noted: "Everyone knows that the peoples I was able to visit during this trip — especially some of them — live in a permanent state of great internal tension and some are also in a theater of war.

"The tensions have their roots in old socioeconomic structures, in unjust structures that permit the accumulation of most of the country's assets in the hands of a small elite, simultaneously accompanied by poverty and misery among an enormous majority of the society."

The only thing most of the international news agencies and press media agree on is that the papal tour ended "without obtaining immediate results for this region which is a victim of war and injustice"; which permits us to advance the opinion that the great objectives that were set for these visits were not fully attained. This was indirectly admitted by John Paul II himself in his

farewell speech in Guatemala when, according to an EFE dispatch, he said:
"I could not offer you a ready-made solution to complex problems that are out
of the competence of the church." This statement is valid for all the stops
on his trip.

11,466
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U.S. SEEN IMPEDING ASYLUM FOR SALVADORANS

Havana BOHEMIA in Spanish No 18, 6 May 83 pp 72-73

[Article by Talia Carol]

[Text] There is nothing new about the way the Yankee government interprets human rights, nor its way of evaluating people in accordance with its discriminatory and political interests, but... looking at an isolated case, one among many, sometimes allows us to get closer to the bottom of this monstrous reality.

Frightened, the woman roughly lays her hands on the young man. She had awakened startled by the sound of footsteps in the corridor. The man sits bolt upright in bed while she in the dark puts his trousers and shirt into his hands.

"Julio, slip away by the fire escape," she whispers to him in a voice that combines anguish and anxiety.

Meanwhile, the man gathers up the two pieces of clothing, one in each hand, and in nothing but his underwear he runs to the nearby window and asks her:

"Are you sure?" and looks at the watch on the night table, which has illuminated numbers and hands. "It's 2:10 in the morning!"

"It's the 'migra' [immigration agents]," she insists, she too already next to the window. "They are in Juan's apartment."

Quickly dressed, the young man is already getting ready to jump through the open window onto the fire escape, when he steps back.

"What's the matter," the woman inquires, seized with fear.

"Look carefully," he whispers. "There are several agents under the fire escape."

She pulls him by the arm while almost murmuring ordering him: "Go to bed!"

He takes off the trousers and shirt and very slowly again slips into the spot he had abandoned seconds before. Each of them has returned to his bed. They

are dilapidated beds in a miserable apartment that is rented furnished. No one talks any more. They remain under constant tension and, since the mind cannot be a blank, while the silent minutes go by they thing....

Julio Rodriguez Benitez is 24 years old and he arrived in Washington, D.D., the capital of the empire, only 5 months ago. But it is now months since he left his home, located in a field in the El Botadero area of El Salvador.

He drove a small truck for a business in a nearby town. He had to move from one town to another over roads in part solitary, in part dangerous. There were frequent encounters with troops, who temporarily stopped him to check the vehicle and question him about guerrillas whom Julio had never seen in spite of the fact that they may have passed close to where he was.

"Lucky for you you never met up with them!" a lieutenant stationed in the town near his village said to him one day.

However, once he had no other alternative but to say that he had seen them, but he said they were moving in the opposite direction from that in which the rebels were actually going. As bad luck would have it, another army detachment ran across them by surprise and clashed with them with significant losses for the soldiers of the junta that rules the country. The lieutenant from the town did not forget Julio's mistake. No one knows whether it was because it was true or because the officer invented it, but one thing is certain and that is that he accused him of having collaborated with the guerrillas. And in the presence of a friend of the young man's he said that he had to teach him a lesson so that the people of the village and the town would know that they could not play games with the troops.

And that is how it was that Julio did not return to his home on that day, after receiving word from his friend through a third party who gave him some money so that he could flee and promised to notify his father as to what had really happened.

The odyssey of the trip to the Guatemalan border and the crossing of that border to be interned in the other country, coupled with the fear that army agents warned by El Salvador or some Guatemalan paramilitary group might be waiting for him, led him in great anxiety to the home of his cousin, who, on seeing him arrive and knowing what a situation he was in, pleaded with him to keep moving toward Mexico. And she refused to write to Julio's sister in Washington, D.C., as he asked her to do, terrified as she was that the paramilitary bands would find out about it and avenge themselves on her children.

So Julio went on making arrangements to go from town to town, exhibiting great calm he was very far from feeling, until he got close to the river on the Mexican border, which he had to swim across at night.

Once in Mexico, he managed to reach the home of some old friends of his father, who sheltered him while he got in touch with his sister in the United States, who rounded up the money he needed in the Salvadoran community, with which Julio was able to pay \$1,700 to a band of "coyotes" who promised to take him

to the other side of the American border. He also paid them another \$500 to put him on the road to the U.S. east coast. And on 20 February 1981 he entered the United States through Laredo in the state of Texas.

And here he is now, in the only room of this tiny apartment with his sister and nephews who sleep unaware of what is happening. One gets the feeling that they are at intervals unconsciously trying to hold their breath, as if they were afraid someone might hear them. He knows that she too is listening attentively to the peculiar silence. Lucky that this apartment is rented in the name of some exiled Cubans who sold his sister the right to use it in their name so that the owner would not raise the rent, as the law permits when a tenant moves. And perhaps the hope that Julio harbors in his breast because of this will be transformed into reality because the "migra" does not pursue Cubans who disown their native land, but are merciless with Salvadorans fleeing from the repression, crime, hunger and terror the Salvadoran Government is unleashing.

No, he does not have the papers the immigration officials will demand. He is one of the thousands without papers that the "migra" pursues.

Now the rigidity of his muscles makes him even tenser because he hears someone opening the door to the neighboring apartment. He listens to the insults an American utters in bad Spanish.

In his ears, in every nerve he hears and feels the footsteps of several persons on the creaky wooden floor of the hallway and the screams and crying of the women. All the sounds move away from his apartment. They recede... and, although he shakes with anger, his muscles relax as hope grows within him. The noises dissipate, moving down the stairs and Julio releases his fingers which were clamped around the iron rod of the bed. He does not dare to move. Without thinking, his heart suddenly skips a beat simultaneously with the slamming of the door to the adjacent apartment. Apparently a "migra" had stayed behind to record the belongings of the people who were arrested. The footsteps of a man are heard moving slowly down the hall in the direction of his apartment. They stop at the door.. Could it be old Juan? Did they leave him alone out of pity? Silence... they they hear a few soft knocks on the door. His sister sits up in bed, but the young man motions her to lie down. Almost a minute goes by. A loud kick against the wood of the door is followed by others. They hear insults in English and threats to shoot the lock off the door. All is lost!

In answer to the shouts of the gringo, other agents come up the stairs. When his sister opens the door, Julio is zipping up his pants and, without giving him time to say a word, the fists of the two men pound him furiously about the ribs, stomach and shoulders until the wind is knocked out of him and he falls to the floor. As they drag him toward the corridor, insulting him the whole time, his sister yells at him:

"Julio, don't sign any papers! I'll find you a lawyer!"

His sister is referring to the fact that most of the people they arrest are pressured into signing a paper stating that they are "voluntarily" returning to their countries, without complying with the legal procedures required to deport people.

Along with Julio, almost 16,000 Salvadorans were arrested in fiscal year 1981 and about 12,000 in 1980. In the Southeastern United States alone, Salvadorans are deported in groups of from 200 to 300 a week.

In the course of an investigation the UN Human Rights Commissioner found that most of the Salvadorans in the United States are not informed as to their rights to request political asylum. Those who dare to seek it are all interned at detention centers until decisions are handed down. In some cases [judges] accept lawyers' motions and set bail for provisional liberty, but it is so high that they cannot afford it. In certain cases where they have with great effort raised the money, they are not permitted to work while waiting for a decision.

Julio could not raise the money for his bail. And he remained under arrest, waiting. If you do not have papers, how can you work? In the District of Columbia where Julio is, people without papers are exploited by hotel and restaurant owners, by the many embassies and in the homes of government officials who hire them as domestic servants. Since they take advantage of the desperate situation people without papers find themselves in, they pay them so little that they have to find two or three jobs to survive. Paying for an apartment is very hard.

Roberto Reyes, a lawyer who works with these refugees, told the newspaper, WORKERS WORLD: "Generally one person rents an apartment and his family and friends move into it. On one occasion immigration agents raided a building in which 28 refugees were living in three apartments, but this is their only solution to the problem of getting a roof over their heads."

The refugees live in perennial fear of being deported, Reyes explained. Most of them are in their homes only when absolutely necessary, to avoid being arrested. The city of Washington, D.C., where most of the 250,000 Salvadorans who are in the United States live, has been turned into a refugee camp, almost all of whose inmates are without papers. When they are arrested, as Julio was, the Department of Immigration and Naturalization charges them with violating Section 241 of the U.S. Immigration Act.

Just as with Julio, 5,559 requests for political asylum have been submitted by Salvadorans, only two of which have been accepted. The rest of them were deported to El Salvador, from which they had escaped. The UN investigation reached the conclusion that this situation "is the result of a deliberate policy on the part of U.S. authorities in Washington."

After spending 2 months in jail, a decision on Julio was made. An immigration judge ordered him to be deported. Like so many thousands of refugees returned to El Salvador, Julio's name appeared on the list the American authorities turn over to the Salvadoran Government each time they send a shipment, like

so many head of cattle to the slaughterhouse. Julio lived for a month in the hope, from second to second, of escaping the bailiffs of his country's tyranny. But one day they arrested him, at the junction known as the Highway of Death, as he was riding in a panel truck. Shortly thereafter, he appeared on the same spot, brutally tortured and decapitated.

Julio's case has been multiplied by thousands, and Americans aware of these cases, which their country's government is guilty of, have since the first 3 months of this year mobilized to protect Salvadoran refugees.

In their churches religious organizations shelter and provide asylum for hundreds of exiles who might suffer the same tragedy as Julio if they were deported. At the end of March a hunger strike was conducted by several Salvadorans of the Washington community, headed by a protestant pastor. The Reverend John Steinbruck, the parson of the Lutheran Church, told the AFP that "the fast is in protest against American military aid to El Salvador."

Steinbruck told the daily WASHINGTON POST that, "if our nation is pursuing a policy that produces a flow of refugees, the least the churches can do in such a case is to provide asylum for these needy people." Reverend Reg Dell said that "the church is justified in violating the law because the American Government is using immigration regulations for political purposes." The archbishop of Washington, D.C., James Hickey, last March reminded a congressional panel that the Conference of U.S. Catholic Bishops is opposed to an increase in aid to the Salvadoran Government and that it, furthermore, requests that persecuted people arriving in the United States be granted political asylum.

It is estimated that the movement in favor of and supplying aid to over a quarter of a million Salvadoran refugees comprises some 20,000 Americans. With the support of the Wilson Center and "Plenty International," the Center for Central American Refugees (CARECEN) has set up an information office with volunteer doctors who help Central Americans without papers. This was necessary because there was recently a dramatic case in which an 8-month-old baby girl died due to dehydration caused by diarrhea because her parents did not seek medical assistance out of fear that papers would be demanded at the hospital.

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FOREIGN TRADE MINISTER DISCUSSES GROUP 77

Havana BOHEMIA in Spanish No 17, 29 Apr 83 p 65

[Interview with Cuban Minister of Foreign Trade Ricardo Cabrisas Ruiz by Elsy Fors of PRENSA LATINA; date and place not given]

[Text] On the threshold of the Sixth UN Conference for Trade and Development (UNCTAD), the developing countries have defined their lines of action to face the coming negotiations with the industrialized capitalist nations.

Two of the preliminary meetings to the Sixth UNCTAD were the meeting in Cartagena, Colombia, organized by the Latin American Economic System (SELA) and the Fifth Ministerial Conference of Group 77 (composed of over 100 developing countries) held in Buenos Aires.

Cuban Minister of Foreign Trade Ricardo Cabrisas Ruiz, who headed his country's delegation at both meetings, evaluated the results of the meetings in an interview granted PRENSA LATINA]

[Question] Now that the preliminary meetings for the Sixth UNCTAD, held in Cartagena and Buenos Aires, are over, what were the chief conclusions and lines of action of the developing countries in terms of combatting the deterioration of the world economic situation?

[Answer] In the first place, these meetings correspond to two different levels of the preliminary effort. Held under the auspices of the SELA, the Cartagena meeting was the preliminary meeting of the Latin American countries, just as Libreville was for the Africans and Baghdad for the Asians. The purpose of the Fifth Group 77 Ministerial Conference, held in Buenos Aires, was to prepare the group's positions and proposals for the Sixth UNCTAD on the basis of the results of regional meetings. I think that there were a lot of conclusions, but perhaps the most important are the following:

1. That the world is going through the worst economic depression since the great depression of the 1930's and that the underdeveloped countries are suffering from its most serious effects.
2. That this crisis is structural in nature and, therefore, to overcome it changes and adjustments of that nature are required.
3. That, given the present interrelation of national economies, any plan to reactivate the economy must be global in nature and include the

underdeveloped countries, since the attempt to do otherwise would be doomed to failure. 4. That the systems and institutions created at Bretton Woods after World War II are in keeping with the interests of the industrialized capitalist countries and are at the present time unsuitable. 5. That the Sixth UNCTAD is a great opportunity to analyze international economic crisis problems in the interrelated sectors of trade, finance, monetary affairs, basic products and development.

As for lines of action, these are reflected in the draft resolutions for the Sixth UNCTAD, which were formulated at the Buenos Aires meeting.

If we take the economic declaration approved a few weeks before the Seventh Summit Conference of Chiefs of State of Nonaligned Countries, I believe that you will find it to be a proposal, a real underdeveloped countries program for the reactivation of the world economy and the process of development of the peoples of the so-called Third World, which has been and will have to continue to be the most dynamic factor in the expansion of world trade.

I believe that these lines of action can be summed up by quoting from one of the papers approved in Buenos Aires, which points out: "What is needed is an integrated whole of measures that includes immediate measures in sectors of fundamental importance to the developing countries as well as restructuring of the world economic system and the relations necessary for the establishment of a new international economic order."

Before concluding this reply, I want to add two things. First: As it did at the Seventh Summit Conference, the impact produced in Buenos Aires by Commander in Chief Fidel Castro's book about the world economic and social crisis, which we delivered to the delegation heads and which practically everyone asked for -- I believe that no work of this type has produced such an impact in recent years. In the second place, there is the categorical rejection by the ministers who met in Buenos Aires of coercive economic measures which are discriminatory for political reasons, such as blockades and embargos, and "which accentuate the instability and arbitrariness of international relations" and the reaffirmation of the fact that questions relating to the world economy, international economic relations and development are directly related to peace and stability, dealing with these measures separately could affect world security not only from the military and strategic point of view, but also because of the grave national and international economic consequences this would produce.

[Question] What position has Cuba maintained with regard to the demands that have been made?

[Answer] Cuba is a socialist country, it is a developing Latin American country and plays an active role in Group 77, as the fact that it was elected for one of the vice presidencies of the Buenos Aires meeting demonstrates. Therefore, these demands are also our demands, even when in some cases they do not exactly reflect our position, since Group 77, like the Nonaligned Countries Movement, is a very heterogeneous group.

[Question] According to the press communique issued for that purpose, the 65th Session of the CEMA Permanent Commission of Foreign Trade Ministers considered the topic of the Sixth UNCTAD. What can you tell us about that?

[Answer] Indeed the 65th Meeting of CEMA Foreign Trade Ministers analyzed the Sixth UNCTAD, noting the importance of said meeting and the role the socialist countries should play at it.

Furthermore, a meeting between the ministers and UNCTAD assistant secretary McIntire was held, during which he reported on the state of affairs with reference to preparations for the conference and the ministers explained their countries' positions on the topics to be discussed at it. The socialist countries' participation in the UNCTAD is getting to be more and more important. As an example of this, we may cite a paragraph from the paper approved in Buenos Aires on Topic 13(d), trade relations between countries that have different economic and social systems and all the commercial tendencies resulting from them: "The socialist countries of Western Europe discharge an important function within the framework of the international trade system. Moreover, we recognize the importance of economic relations between countries that have different socioeconomic systems, especially between the developing countries and the socialist countries of Eastern Europe." While agreement between some developing countries and the socialist countries of Eastern Europe has been growing, there is still a great deal of room for the considerable expansion of said trade and for intensifying economic relations with the developing countries."

[Question] In your opinion, what concrete achievements may result from the Sixth UNCTAD for the developing countries, considering the stiffening of Western positions with regard to the demands of the former?

[Answer] Actually the conditions for seeing to it that the Sixth UNCTAD conducts a serious effort to negotiate have been created by Group 77 and the Eastern European socialist country bloc and the bases for dealing with the current international economic crisis have been established. I would be so bold as to say that this is also the feeling the bloc of industrialized capitalist countries have. But, on the other hand, everyone knows what the U.S. position on international economic negotiations is. If anyone had any doubt about it, the GATT ministerial conference held in November of last year took it upon itself to clarify the matter. Therefore, I believe that concrete achievements will to a large extent be determined by the attitude Group B (industrialized capitalist countries) assumes, not only in its negotiations with the other groups, but also with the position the United States adopts, since it is obvious that the latter country will attempt to impose its policy on the group or, on the other hand, will turn itself into an obstacle to any arrangement or solution.

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CSO: 3248/813

FMLN, FDR RESPONSE TO REAGAN'S 27 APR SPEECH

Managua EL NUEVO DIARIO in Spanish 3 May 83 p 8

[Text] President Ronald Reagan's speech of 27 April before a joint session of Congress is a message of war, death and destruction against the Central American peoples, a threat to the Latin American peoples' independence and self-determination. It is a somber announcement of imminent new steps to be taken by the American Government for the rupture of world peace.

Mr Reagan's few references to a political solution are hypocritical and insignificant words which in no way change, nor have any intention of changing, the escalation of the aggression against the Central American peoples which he has already decided upon and which is the true subject of his speech.

At the bottom of the warlike decisions announced by Reagan is the fact, evident to everyone, that his policy of war and aggression against the people of El Salvador which he adopted at the beginning of his administration, is being defeated. In spite of the enormous amounts of armament, training and advice and millions of dollars of support it receives from the United States Government, the bloody dictatorship of El Salvador is suffering one defeat after another on the battlefield.

In order to prevent the defeat of his criminal policy as the American presidential campaign approaches Reagan has decided to take the desperate step of escalating American military intervention in Central America in his quest for an impossible victory. As Reagan has made clear, this decision is part of the present American administration's global policy. Thus, our struggle is part of the world struggle for peace, a struggle to stop the march begun by the United States toward unleashing a nuclear holocaust.

Therefore, the Central American peoples' struggle, and that of the people of El Salvador in particular, in whose behalf we speak, takes on much greater and more honorable significance by contributing to the defeat of the Reagan war policy which is condemned by the majority of the American people, by all the peoples and the majority of the governments of the world.

His "argument" that we are a threat to American security is an attempt to win over the support of the American people, so as to make them accomplices of the monstrous genocide being carried out against our people with the arms of the United States and under its direction. We are sure that the American people will never accept the dirty, cowardly role which Reagan wants to assign to them.

The speech contained nothing new except the naming of a special ambassador, as a personal envoy of the President, to be the empire's proconsul in Central America. It is evident that this is a necessary tactical step by which Reagan is attempting to pacify Congress' demands for a settlement based on dialogue and negotiation. Thus it is not difficult to discover that the role assigned by Reagan to his special envoy has nothing in common with the demands of the Congressmen:

First, because he is the personal envoy of a man who has decided to extend the war, to regionalize it, and who seeks to crush with arms the Central American popular aspirations by placing arms in the hands of the worst assassins, this envoy cannot have the slightest trace of impartiality and independence of judgment which are indispensable for the most elementary effort for peace.

The congressmen spoke of supporting the appointment of a negotiator who is truly not compromised.

Second, because the powers of Reagan's envoy, according to what he said, are limited to contacting Central American governments, while the congressmen interested in finding a political solution requested that a negotiator of this type should also contact the FMLN [Fabundo Marti National Liberation Front] and the FDR [Revolutionary Democratic Front].

This limitation also excludes initiatives by Latin American governments who are resolved to attain peace in Central America. This is an unacceptable veto against nations like Mexico, Panama, Venezuela and others which in every sense are nearer to El Salvador than the United States is.

We of the FMLN and the FDR have not only expressed our willingness to hold talks and negotiate but we have carried this out in practice by holding talks with all the American congressmen who have sought or agreed to have contacts with us. We have also held talks with all the governments of all the continents and with all the international organizations which have shown interest in promoting peace. At the beginning of 1982, we even spoke with a high State Department officer officially designated to speak with us although we knew he was not motivated by a sincere desire for peace but rather by a desire to engage in a propaganda maneuver in support of a farcical election which he was preparing to conduct in El Salvador in March 1983. The results confirmed the uselessness of the procedure, debased and discredited by half a century of dictatorship and dozens of election frauds.

In keeping with this practice of ours, we reiterate our complete willingness to hold talks and negotiations and we stand by our proposal of last October to hold talks with the El Salvador Government without preliminary conditions, for the sake of a just political solution.

We repeat that we are prepared to talk with the United States Government itself. This is not a new decision. In January 1981, a contact to which we had agreed through the mediation of the American Ambassador in Honduras fell through; in February 1981, a meeting we had agreed to have with a member of

the U.S. National Security Council was cancelled at the last moment; in 1982, the conversation with a State Department officer, to which we referred above, took place and was publicized.

The Reagan government has always been the one to frustrate dialogues between us and itself and between it and the government of El Salvador. The limitations which Reagan has deliberately placed on the authorities granted to his special envoy to Central America is another obstacle to talks and peace. The purpose is to close the door on the Central American peoples' legitimate aspirations to liberty, independence, social justice and peace.

In the American Congress there are growing sectors who sincerely want peace and who are absolutely correct in linking that objective with the need to engage in talks with us. They can count on our constructive attitude and cooperation to these ends. This shows that we are ready to offer a practical denial, not simply a rhetorical one, to the evil accusation that we are planning to undermine American security and the welfare of its people.

We want peace and we seek it. We have endeavored and will continue to endeavor to open the way to a political solution of the war which has been imposed on us. The world is witness of this truth. It is also clear that we are not frightened by the brutality of our enemies or by Reagan's decision to extend it.

We are realists and we understand Reagan's message delivered before the highest ceremonial body of the State: he announces greater intervention, aggression, death and destruction against our people, against our Nicaraguan sister nation and all the Central American peoples. That decision will not be changed until it is defeated, and we are resolved to do our inescapable duty of thwarting that genocidal plan by stepping up combat by our people, and by dealing more and heavier blows to their bloody enemies.

We are sure that the overwhelming world support for our struggle will become even greater and more militant, that the freedom and peace loving forces of the world, and especially of the United States, will raise their voices and take action to stop the aggression and to defeat Reagan and his policy.

IN UNITY TOWARD VICTORY!

UNITED IN THE STRUGGLE UNTIL FINAL VICTORY!

REVOLUTION OR DEATH: WE SHALL OVERCOME!

EXECUTIVE COMMITTEE OF THE REVOLUTIONARY DEMOCRATIC FRONT

GENERAL COMMAND OF THE FARABUNDO MARTI FRONT FOR NATIONAL LIBERTY

El Salvador, 28 April 1983.

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CSO: 3248/761

COARD TELLS BUSINESSMEN INFLATION PREDICTION WAS WRONG

Bridgetown BARBADOS ADVOCATE in English 10 May 83 p 3

[Text]

ST. GEORGE'S, Grenada, Monday (CANA) — The Grenada Government has told businessmen that their prediction of a steep increase in the cost of living following a hike in stamp and consumption duties late last year was off target.

There had been only "an infinitesimal increase in the rate of inflation" from January to March this year, Finance Minister Bernard Coard reported.

Grenada's Chamber of Industry and Commerce had predicted a sharp rise in the cost of living after amendments to the islands stamp duty and consumption duty legislation last December.

Mr. Coard said economists in the Ministry of Finance had calculated that the measures taken by the People's Revolutionary Government (PRG) would lead to an increase of between one to two per cent only and that this would be closer to one per cent than the two per cent mark.

Prior to December 31 last year, all imports paid stamp duty at a rate of 17.5 per cent of the Cost, Insurance, Freight (CIF) value of the goods but from January first 1983 the rate was increased to 20 per cent to be calculated

on the sum of the CIF value plus the amount of import duty payable on the goods.

As a result of the amendments to the stamp duty and consumption duty legislations, the new rate of consumption duty on any item is equal to the amount of consumption duty payable at the old rate plus the amount of import duty payable on the item.

The Chamber said that based on the results of a preliminary survey it conducted in January the new measures would have a net effect of between eight to 10 per cent on the cost of living of Grenadians.

A spokesman for the Chamber stated that the new measures would result in a net increase of duties of 8.5 per cent on toilet paper, 44.16 per cent on cigarettes, 38.5 per cent increase on wines and 17.5 per cent on imported televisions.

Mr. Coard said that during a recent meeting between officials of the government and the Chamber called at the request of the business community to discuss the new measures, the government presented its figures to show the private sector that the increase would be no way in the vicinity of 10 per cent.

SOCIOECONOMIC PROBLEMS ROOT OF TERRORISM IN AYACUCHO

Lima EL OBSERVADOR in Spanish 17, 18, 19, 20 May 83

[Four-part article by Dr Alfonso Orrego]

[17 May 83 pp 14-15]

[Text] This article, which EL OBSERVADOR will publish in four installments, was written by Dr Alfonso Orrego, one of the leading representatives of the new generation in Ayacucho. In this first part Orrego, a native of Huamanga, gives an overview of the situation in Ayacucho, which is marked by the violence of those on top or, as he calls them, "the rich and their militia," and the violence of Sendero Luminoso (Shining Path).

This first installment paints a true-to-life picture of Ayacucho: of the people who cannot hope to live beyond age 40; of the children who die before the age of 3 (50 percent); of a department without physicians, schools or decent housing; of a department without road and highway links; and of a people who in spite of all their difficulties have been able to forge a great and lasting culture that is admired in many parts of the world.

EL OBSERVADOR is fulfilling its journalistic duty by publishing this article by Dr Orrego, but this does not mean that his comments on and assessments of the situation are necessarily our own. We are publishing the article in fulfillment of our duty and in consonance with our pluralistic line.

Why has violence erupted in Ayacucho more strongly than anywhere else in Peru? What factors contributed to the development and expansion of terrorism and guerrilla warfare in the region? Is punitive action enough to restore peace in Ayacucho? Is Sendero Luminoso the root cause and consequence of the violence?

These are not, of course, the only questions that Peruvians are asking themselves about the tragic events in the Ayacucho highlands. The killings in Ayacucho make huge headlines in newspapers of every persuasion or serve as a topic for speeches in Congress or in party locals. Until a few years ago, Ayacucho was just as "useful" to tourism promoters, who saw it as little more than a picture-postcard region to attract visitors and dollars, as they continue to do with the natives in the jungle.

All anecdotes aside and even though this department is one of the most depressed in the country, I firmly believe that we can put an end to the bloodshed there and begin pacification (which I see as a task for new men who have no commitments to the past) only if we unite in a broad common front, only if we rally around common ideals and attainable goals, only if we pledge to respect the human rights of all citizens without distinction as to race or ideology. Furthermore, we must acknowledge that all political parties, associations, clubs and universities have crumbled in Ayacucho because they have been unable to grasp what Ayacucho, in its most tragic hour, is asking of the country and its government.

The Image of Ayacucho Today

It is simplistic, to say the least, to assert that the presence of Shining Path has disturbed daily life and the peace in the region. Such an assertion implies that before Shining Path Ayacucho lived in blissful peace. That is not the case. Ayacucho has lived a hellish existence for centuries. One survives or ekes out a living in Ayacucho. In the midst of this situation, nonetheless, the people have been able to forge a lasting and admirable culture.

Ayacucho has a population of 589,000 (3 percent of the nation's total) and covers an area of 44,000 square kilometers (3.5 percent of the national territory). It is the country's most strategically valuable department. The country's entire population could live in its jungle and lowland regions alone (the richest provinces are Huanta and La Mar).

But with its wealth and great resources, Ayacucho is like a handcuffed giant. The sole beneficiary has been a greedy, corrupt and exploitative bourgeoisie. Even today, the region serves the interests of powerful bosses who live in Lima and manage their businesses (many of which are linked to drug trafficking) under the shield of political power or from the Congress of the Republic.

Most of the people there live in extreme poverty. The average life expectancy is barely 40. Its seven provinces are disjointed and out of touch, creating unsuspectedly different universes. We have the rare privilege of passing through Lima on the way north from Cora Cora or south from Huamanga if we want to get to know our own department.

No congressional delegation (the members of my party, APRA [American Revolutionary Popular Alliance], included) has ever been able to provide links for this department, which is a geographic unit from any standpoint.

The so-called regionalization of the second phase and the current phase of the military regime has been an attempt to dismember the department by cutting it off and populating areas where neither the inhabitants of Ayacucho nor the Vilcas nor the Huaris nor the Pocras nor the Chancas have ever lived. The government is trying to commit social crimes against the local culture and ignoring the elan vital of these people in the most painful hour of their history.

Social Situation and Living Standards

More than 60 percent of the people in Ayacucho are young, that is to say, up to age 24, but as we have said, the life expectancy there is only 40. The rural sector, where 65 percent of the population is concentrated, is completely isolated. Significantly, the economically active population, which makes up 20 percent of the total population, is engaged predominantly (73 percent) in farming, using almost primitive techniques in many areas.

According to the Emergency Plan for the South Central Health Care Region 1982-1983, the 10 main causes of death in the department are related to the residents' appalling living conditions. Among the most common diseases are avitaminosis, other nutritional deficiencies, anemia and tuberculosis.

Getting sick in Huancapi or Cangallo means risking death. There are no physicians or medical technology to treat life-threatening illnesses or epidemics. People travel from Huancapi to Cangallo (60 kilometers) to receive injections under minimally acceptable hygiene conditions from paramedical personnel whom they have little faith in.

Of every 100 children who come into the world, 40 die from epidemics. An alarming 45 or 50 percent of the infant population is cut down before age 3. Infectious and parasitic diseases abound.

And what do the residents of Ayacucho eat? The same official sources indicate that their diet is based mostly on carbohydrates with almost no protein, vitamins or green vegetables [carotenos?]. The average inhabitant of Ayacucho consumes only 8 grams of protein and 377 calories a day.

The 10 Main Causes of Death in Ayacucho

1. Ill-defined signs, symptoms and states of disease
2. Diseases of the respiratory system
3. Dysentery and gastroenteritis
4. Certain diseases in the time around birth
5. Traumatism, poisoning and violence

6. Avitaminosis, other nutritional deficiencies and anemias
7. Measles
8. Other diseases of the circulatory system
9. All forms of tuberculosis
10. All other infectious and parasitic diseases

What is Life Like in Ayacucho?

Ayacucho is an ideal place for Shining Path to take action. The inhabitants themselves have been waging a struggle for survival long before the Senderistas came on the scene. The press, however, has downplayed this struggle, or else the people's "representatives," almost all of whom are bosses who won their seats through fraud or foul play, have never told the truth.

Most of the people in Ayacucho live in houses, if that is the proper word for run-down hovels that lack drinking water, plumbing and electricity. Some 79.3 percent of the population lives under such conditions.

The situation is similar with other services. The government takes care of only 60 percent of school-age children, who attend schoolhouses in appalling conditions. For the last 2 years, however, because of the widespread violence and the lack of security, the dropout rate has hit 45 percent. This year, only 600 of the 1,378 schools are in operation.

Furthermore, the illiteracy rate is 52 percent, and the bureaucratic authorities, who give priority attention to Huamanga, have done nothing to reduce this alarming level.

We have already mentioned that health care conditions are deplorable, and not only because of the shortcomings in infrastructure, equipment and personnel. There are just 52 doctors for more than a half-million inhabitants (the violence has cut this figure to 48); most of the 16 dentists are in the capital, and just 304 paramedics are scattered around the department.

Development Possibilities

The possibilities are many, but as we said, joint, planned action is needed, and perhaps an experiment with autonomy in development planning and budgeting.

There is no industry in Ayacucho at present. No business worthy of the name employs 100 persons. Ayacucho lives off the Treasury, and its only industries might be bakeries. Its only cultural revolution was the reopening of the university. Today, the chief justice of the superior court and the president of the university are the highest paid officials in Ayacucho, but we are talking here about honestly earned money. What military officers, mostly commanders, earn is something else, because in addition to their salaries, they collect

sizable insurance premiums. And the members of the uniformed or civil police also make good money extorting merchants.

The tragedy of the lofty land of Ayacucho, as Victor Raul Haya de la Torre, called it, is much starker than people think. Lima and the rest of the country have no idea of what this multicultural world is like, a world oppressed for centuries, first by the Inca Empire, then by the Spanish and later by the republic. The words freedom and well-being are alien to Ayacucho. We might say that the only freedom there is the freedom to die young, almost always in early childhood.

There is nothing in Ayacucho that would encourage young people to stay there, because the future is uncertain. For example, of every 100 youngsters who begin primary school, only 13 complete secondary studies, and of every 13 who move on to higher-level studies, only 3 finish them. Only eight percent of the residents of the capital earn somewhere around 200,000 soles.

We have, thus, a bottleneck to progress. Objective and subjective conditions that have been developing for quite some time have triggered the outbreaks of terrorist and guerrilla activity. And rounding out the picture that explains this setting of violence we have the severe corruption in public agencies, such as Corde-Ayacucho.

Ayacucho has development possibilities. The order of the day should be to industrialize the region, to march through the jungle, to strengthen farming associations, mainly cooperatives and to grant loans selectively. We feel that farming must be expanded, but modern farming, using intermediate technology.

Hateful, Shady Fortunes

But those who do not want Ayacucho to develop are precisely the people who have amassed and continue to amass hateful, shady fortunes. Some fortunes are made overnight, and the Comptroller's Office does not bother investigating; drug trafficking expands, and the police are unable to find the ringleaders because they even have a crew of attorneys at their disposal.

The people of Ayacucho are familiar with all this, and when they voice their protests, they do not do so through Shining Path, but nowadays any protest is "terrorism" and every struggle is "guerrilla warfare." We must open our eyes to these realities and go to the aid of the people of Ayacucho.

In any event, Shining Path has made good use of Ayacucho's poverty and isolation for its own ends. Its campaign has toppled the other political organizations, which now have to reassess their methods and goals. My party, APRA, has collapsed as well. In practice, we have failed. We have been beaten. We must now overhaul our personnel,

especially since our sole deputy has not submitted anything in Congress that would improve the lot of the Ayacucho people.

The Role of Corruption in Society

There are no watchdogs in Ayacucho. Deputies have their private businesses in which they are directly involved with close relatives. And this is not recent history. This situation has existed under previous regimes. In response to their calls for water, light, food and schools, the people of Ayacucho have gotten repression.

The names of Capeletti, Arca Parro, Jauregui, Kajat, Ruiz de Castilla, Montes de Oca and so many others are synonymous with exploitation. They amassed their fortunes, created their political boss enclaves, took advantage of their economic and political power and left Ayacucho for Lima to enjoy their ill-gotten gains.

Flawed Economic Structure

As a land of urban bosses, Ayacucho has been unable to develop a production structure that is planned on the departmental level. Its structure is disjointed and decaying, marked by the predominance of a few, weak development, seasonal and declining farm activity and consumption by producer.

Moreover, the area's natural resources are being irrationally developed. The few government projects have not focused on the main concerns and needs of the people of Ayacucho. Farming is mainly on an individual basis.

In the secondary economic activities, which are export-oriented, the technology is rudimentary. For example, mining employs just 0.5 percent of the labor force and is carried on mainly in Juan de Lucanas and Canaria. Canaria has been virtually shut down by the activities of the rebel groups and the union protest.

This poverty and lack of development in Ayacucho has given rise to the current situation there, which the government would like to calm by resorting to arms and more violence, to reprisals and destruction.

Ayacucho needs a comprehensive development plan. It has had its booms and busts. It is now entitled to have the modern State and the political parties put together a program that can lift it up from its stagnation, poverty, violence and backwardness.

To give readers a better understanding of what is going on in Ayacucho, in succeeding installments we will discuss its violence- and poverty-filled history, its boom times, its multicultural world, the role of the university, its handicrafts and celebrations, its people and social groups and the role of Shining Path in this setting.

[18 May 83 pp 14-15]

[Text] In this second installment on Ayacucho, Dr Alfonso Orrego analyzes the role of San Cristobal de Huamanga University, its relation to the department's development and the origin of the politicization that gave rise to the current subversion headed by Shining Path.

Orrego relates the history of the university since it reopened in 1958. He also analyzes the formation of the first university groups to make inroads in the Ayacucho tenant farmer communities. He also discusses the department's traditionally rebellious zone, which includes the towns of Huancapi, Cangallo, Pampacangallo, Vilcashuaman, etc.

In yesterday's installment, in the paragraph on power groups and people who had made crooked fortunes, we inserted the names of some prominent Ayacucho natives, such as Alberto Arca Parro, Ruiz de Castilla, Montes de Oca, Kajat and Capelletti. Orrego did not make mention of them, clarifying that the crooked fortunes come from drug trafficking, a role of primary importance for the Public Ministry in Ayacucho.

In tomorrow's third installment, Orrego will discuss the historic development of Ayacucho and its ethnic and cultural groups. He will also take a look at the Uchuraccay incident.

Ayacucho's first cultural revolution was triggered by the reopening of San Cristobal de Huamanga University. It threw all of its institutions into an upheaval. Its entire social and cultural development was altered, so much so that it is impossible to conceive of Ayacucho today without the university.

The founders of this center of higher learning took into account that it was a technologically-oriented, regional university with influence in the departments of Ica, Junin, Huancavelica, Cusco, Apurimac and Arequipa. Its first students were former civil guardsmen, Ayacucho teachers, children of blue-collar workers, of craftsmen and of all the families involved in the department's and the region's incipient industry.

Its first president was Fernando Romero, a liberal technocrat open to new ideas. Among its main professors were Efrain Morote Best, an attorney, folklorist and teacher who resided in Cusco and returned to his native soil around 1961-62; Luis Guillermo Lumbreras, an Ayacucho native who organized the School of Archeology and Anthropology under the influence of Gordon Childe, and a number of others who came from the "Mariscal Caceres" Major School Unit.

Until then, Ayacucho's intellectuals gathered in clubs and friendship societies such as High Command and 9 December, and expressed themselves in short-lived, low-circulation newspapers. Various study programs were started: languages, adult education, speech. At the same time, however, the university began to reach out to the people through programs in support of cottage industry, through agreements with other countries.

The movement to link the university with its surroundings lasted from 1959 to 1962. During this time the university attracted intellectuals and professors from Ayacucho and elsewhere who were teaching in other universities around the country. I remember Abimael Guzman when he joined the university in November 1962. He had previously taught in Cusco and Arequipa. It was through the efforts of Morote Best that he came to San Cristobal de Huamanga.

I remember him clearly giving a vocational orientation talk to 37 students in the 5th year "C" in the "Mariscal Caceres" Major School Unit, where I did my last year of studies. He talked about the university, man and philosophy.

He was a fine speaker with an extensive vocabulary. He already had a reputation as a philosopher.

The University's Merit

This university's historic merit is that it halted the emigration from Ayacucho to other capitals, thus making possible improvements in living standards, job opportunities and social conduct. As a result of the university phenomenon, Ayacucho expanded as a city. Buildings in which no one lived and which had been abandoned were sometimes rebuilt and other times turned into low-cost dwellings, as is the case in the Magdalena, Soquiaccato, Teneria, Conchopata and San Juan Bautista districts, where the common-entrance town houses and alleys look like those in the capital of the republic.

This period marked the beginning of Ayacucho's urban growth, because it was then that the so-called hillside law was passed. It stipulated the ownership regulations for individuals living on the slopes of the hills near Ayacucho, such as the Acuchimay, Huascaura, Belen and Piscotambo hills.

This made little sense in a city that lacked capital goods and that in the period prior to the reopening of the university depended exclusively on the Public Treasury and on private cottage industry before it was plundered by the middlemen. Moreover, private business was needed in Ayacucho to create new sources of production and money, inasmuch as 68 percent of the arable and other land belonged to 3.5 percent of the economically active population.

The Critical Role of the University

The university was critical of all this. For the first time, Huamanga, the capital, began to take note of its provinces in the interior, especially the poorest and most backward ones, such as Huancapi and Cangallo, and set up specialized crop and seed enhancement centers as well as a highly specialized center for the cultivation and development of fodder.

The communication and cultural development began. Since this region and department have suffered from an age-old lack of roads linking Lucanas, Huancapi and the rest of the zone, the students returning home became the best channels of communication and fostered a certain fondness for the university.

Without question, we cannot envision a peaceful future and social justice for Ayacucho without the university. The university and the people have become inseparable for this town.

Furthermore, the growing student population redistributed income in Ayacucho's incipient trade, industry and handicrafts. They boosted wages and salaries with new workers. They moved into the downtown area and divided up the large old houses there, thus making rental-sharing a source of income.

The Politicization of the University

To understand the university's politicization, we must remember that the department as a whole has gone through the following stages. From 1915 to 1945 people were hand-picked to represent the department in Congress, or else a prominent individual would ask the regime in power at the time. The period from 1934 to 1945 was marked by the organization of tenant farmers, merchants and professionals under the aegis of APRA, against the backdrop of the Ayacucho revolution in 1934. This revolution was headed by Aristides Guillen Valdivia, and its main figures were Cesar O. Prado, Valdivia, Caviedes, Canales, Rocha, Medina, Falconi and several others.

From 1956 to 1963 the most important public works project were built: schools, hospitals, libraries, student dormitories, new university buildings, medical posts, roads and, above all, the move towards the jungle.

If a traveler arrived at Ayacucho's beautiful airport and then headed by road towards the city's first bridge, Prado Bridge, he would be going back in time from the 20th century, the century of air travel, to the Stone Age, represented by dirt roads and poverty-stricken, underprivileged neighborhoods (the history of the city's San Sebastian quarter should be kept in mind here).

The University in Transition

The university moved into higher political gear as of 1963-64, after the emergence of the Revolutionary Student Front, which was headed at the time by Cesar Guardia Mayorga, a Communist activist. The debate at the time was between APRA and Marxism; this was made clear at the Ninth Congress of the Peruvian Students Federation (FEP) from 10 to 14 November in Ayacucho.

Gustavo Espinoza Montesinos was elected president; he is also a Communist and is currently on the Central Committee of the Unitary Communist Party. Espinoza was elected before the Sino-Soviet split. The Cuban Revolution was unavoidably influential at this juncture. This influence was negative for APRA, because when Fidel Castro declared himself a Marxist-Leninist in October 1962, the party began losing support.

The upshot was that APRA lost student backing nationwide. This forces us to carefully reassess what has been said so far about Shining Path. During the guerrilla fighting and terrorism of 1965 the rebels were former members of APRA reacting violently to the period of coexistence and to the halt in support for the Cuban revolution.

The Birth of Shining Path

Shining Path was born as a result of a split in the official Communist Party and as a subdivision of the pro-Chinese faction, which was already branching into "Red Fatherland" and "Red Flag."

Why is Ayacucho its natural sphere of influence? At the end of the 1970's, in the midst of the military regime, the Communists were not the only ones having political problems defining the government and determining whether revolutionaries or nonrevolutionaries, the army or the air force could set the revolution in motion, and above all, categorizing Peruvian society during those years.

At this point in time the university was obviously not a center of culture, a place where the nation's problems could be diagnosed and debated. It was a center of dogmatism in which there was only one truth, the truth of the Communist Party that was dominant there. This conversion of the university (or some of its sectors) into a political party marked the most aggressive phase of Ayacucho student activism, as through their anthropology, sociology and social services departments they did field work and communal work, especially in the jungle area, in La Mar and tenant farmer communities near Ayacucho.

This was the university's approach to social action in Ayacucho. This was when the third wave of professors arrived at the school. This was when the lecturers who were hired in 1959 got promoted to full professors, 7 years later. And this was also when new communist leaders rose up, preparing to link up with handicrafts and blue-collar worker organizations, waving the banner of free education in particular.

During this period we also saw a more pronounced development of agitation and propaganda, two of Abimael Guzman's favorite watchwords, in addition to determination, discipline and action. Recalling the history of the APRA movement, which coined the term "jefatura" [headquarters], and Manuel Arevalo's watchwords of faith, union, discipline and action, I get the impression that Guzman was attempting to build a party or an organization in the image and likeness of APRA during its initial underground phase.

But there is a much more important element that we have not mentioned. This zone of incipient subversion was involved in the struggles for freedom, the struggles against Spain and for the republic, the historic resistance struggles of, for example, Basilio Auqui and Maria Parado de Bellido. And the fiercest rebellions were in towns like Cangallo, Pampacangallo, Vilcashuaman, Huancapi, Chuschi, Totos and Paras. These native communities, which have not been assimilated into the official culture of the 20th century, have been on an Andean messianic mission.

These areas have, in fact, been the most rebellious, as was the case with Basilio Auqui's and the Morocuchos' resistance against the Spanish crown. This was why Cangallo was burnt, plowed under with salt and reduced to rubble. It was in Vilcashuaman where Pachacutec sweated blood to subdue the rebellious Chancas and Pocras. This is the area in which we find Shining Path. It has penetrated the peasant farmer communities here after a decade of efforts.

The Role of Abimael Guzman

At the university, Abimael Guzman acquired authority because of his circumspect character and his clear-cut role as a persuader and an agitator, all of which made him a political leader who could analyze local and regional issues in depth. He sought out the areas in which the rebels were strongest historically and he organized cadres, a group of men who fully shared life with the community. This is why he has lasted so long and is still around.

The guerrilla bands in 1965 consisted of men who came from the outside to encamp in areas in which they were not known and in which they did not pursue political or military studies. Without performing a crudely Marxian analysis or drawing parallels or choosing the path of contradiction, we have to conclude, objectively, that in addition to the Marxian method, the method most used by Shining Path, which has been in this area for years, has been to stir up the peasant rebelliousness, guide it and create federations. As far as strictly political work is concerned, however, it has failed, because it has been unable to control this rebelliousness within a single leadership, that of the Unitary Communist Party.

We must realize that we are talking about a faction the goal of whose political activities is to take power. If we examine the development

of terrorism or guerrilla warfare or the armed struggle here, we will see that it is not strictly bound by Marxist principles or Leninist theory; rather, it seeks to closely emulate the Chinese Revolution, which rested on a peasant farmer foundation in a semifeudal, semicolonial society.

For this reason, Ayacucho cannot be the center of a worldwide revolution, because it is not a power center, nor can Peru be the center of a worldwide revolution. Rather, we have a world power center sponsoring or aiding this revolution. It is a different matter when we speak of a domestic democratic revolution, which can be undertaken while honoring the decision of people, or when the populace and the territory are under control. Terrorist acts must thus be condemned, because they are isolated incidents, "spontaneous," Lenin would say, and facilitate the triumph of a repressive regime.

With this background we can reflect on the role and importance of the university and on the efforts of political parties and religious organizations, which must now reassess their methods and goals for the emergency zone.

Peace will come to Ayacucho when we realize that the confrontation cannot be halted or ended with belligerent talk but rather by a broad consensus for the establishment of a front in Ayacucho that advocates amnesty, better law enforcement practices (applying the Penal Code, not the Terrorist Law) and speedy court and police proceedings, bearing in mind that individuals cannot be removed from their natural jurisdictions. We cannot accept as valid the "assertions" that there are no neutrals in this struggle. There are neutrals who are horrified by this confrontation between Peruvians. And there are specific ways to bring peace to Ayacucho. Religious institutions, political parties, human rights commissions, professional organizations, in a word, all of us who choose not to take up arms to kill each other and who condemn the blowing up of the Pampas Bridge, a veritable act of war against the country, must realize and make others realize that Ayacucho is not just a problem for the police or the forces of repression; it is a national and sociological problem that we cannot resolve with a mere list of public works. Instead, we must show it a road, a path, like the one to Damascus, towards a society governed by a State of law that can both convict and pardon.

[19 May 83 pp 14-15]

[Text] At stake today in Ayacucho is the preservation and consolidation of national unity, the survival of a democratic system with social justice. We could be successful, but the democratic, parliamentary system and national unity could also collapse and give way to a dictatorship and to repression of the people. How the Executive Branch handles the situation in the stormy region will play a decisive role in the outcome.

Two Kinds of Terrorism

The people of Ayacucho and we members of APRA in particular are opposed to the irrational violence of terrorism, because violence is not the way to improve things or publicize the finest causes. We are against violence employed rationally to bring to bear against this city or anywhere else in the world the weight of a repressive system whose goal is the destruction of man as man by jailing, exiling or simply killing him. Irrational violence is terrorism, which is reprehensible, and this includes murder. Controlled, rational violence is terrorism too and is equally reprehensible because it is practiced by a government, whose aim should be to seek justice and well-being for its citizens, not to turn belligerent along base paths.

There Has Always Been Violence

Shining Path is the consequence of an objective reality that has characterized every stage in Ayacucho's history. If we examine its history carefully, we will see that violence was a vital element in the communal struggles and in the period in which the Vilca, Pocra, Chanca and Huanca social and ethnic groups were formed. Vilcashuaman, Huamanguilla and Ayacucho itself are proof of this.

We do not accept either irrational or organized violence. We accept neither the irrational violence of terrorism nor the organized violence of a government against its people.

Those of us who derive inspiration from Marxism and who can skip stages when we must, cannot pave the way for the forces of law and order to crack down on the strata of society that we must defend. We must begin by differentiating our stands. Every terrorist killing is a despicable, reprehensible act. Every excess in repression is a cowardly, despicable act.

The Right to Rebel

We have to safeguard the right to rebel when a cause is noble and pure enough to warrant it or when a pure and noble cause arises at a specific period in history, as in Ayacucho. At this juncture, either we go to Ayacucho's aid or we do not and it perishes amid violence that could destroy the little that has been built there.

Whoever thinks that Shining Path can wage a victorious grassroots war against everyone and everything and eventually vanquish the Armed Forces is guilty of the most commonplace of platitudes, as Engels said in one of his books.

Either that or he does not know the proper path of history: to clear the way, overcome obstacles and bear in mind always that the military is a nation's armed guard and that it consists of Peruvians too.

We civilians must also realize that with 17 years left in this century, political parties must reassess their goals within the nation's macro-economic context and develop the best possible solutions to prevent bloodshed and stem a confrontation that will inevitably be crushed by greater military and technological might.

A Short-Sighted Congress

We must not forget that Shining Path is the consequence of an objective reality that no one can ignore, especially not the region's congressional representatives, who are now totally divorced from this leaderless area and suffering from acute short-sightedness.

Let us put an end to corruption. Let us put an end to poverty. Let us compare the investments on paper with what has actually been done in Corde-Ayacucho. Let us investigate ill-gotten fortunes. Let us bring new blood into the boards of directors of banks. Let us forgive the farm loans of our most impoverished tenant farmers. Let us repeal the Terrorist Law, which leads nowhere and only fills jailhouses. Let us establish military tribunals. Let us halt abuses. Let us review the land grants in mountainous and forested areas. Let us provide loans for these areas and let us establish communes and cooperatives in this depressed area, not from the comfortable Lima bureaucracy, where everything peters out and nothing survives. Let us attend town hall meetings and recognize the People's Assemblies so that they can grant title deeds in low-income neighborhoods.

If we offer new home loans at appropriate interest rates, bearing in mind that nothing is created in Ayacucho, we will be taking a real step towards bringing peace to this section of our country, where the last cry of protest of the ignorant and the weak should be heeded and where Peru's soldiers must prove their patriotism and their revolutionary brotherhood in pacifying this region in which an emergency has been declared.

The History and Tragedy of Ayacucho

Ayacucho did not always have 44,000 square kilometers of territory, as it has today, 3.5 percent of the nation's total.

Last century, Ayacucho also comprised the current departments of Huanca-velica and Apurimac. It gradually lost territory until it arrived at its current geographic configuration.

There is a wide variety of climates in its highlands and valleys, which have not been duly developed. We can accurately state that the first inhabitants of this area settled in the basins of the Pampas, Mantaro and Pongora rivers thousands of years ago.

Ayacucho grew and developed along its basins or in the spheres of influence of its main rivers, which head both towards the Atlantic and the Pacific.

This historic and geographic fact, which was proven by the development of the peoples and ethnic groups that settled there, enables us to draw this major conclusion: If Ayacucho reached its high point when people made use of its rivers, river basins and Andean valleys, we cannot expect the same sort of high point or development by divorcing its population centers from its river basins or Andean valleys or its other natural features.

This fact is glaringly obvious. Therefore, it is not realistic to force these people to climb back to the 6,000-meter level so that they can travel for 8 hours through the mountains. There must be planning before Ayacucho can again reach a relative peak and attain its sought-after agricultural frontier. We must build roads into the jungle and railways into Ayacucho and the jungle, because otherwise the emergency zone will remain completely isolated.

Ayacucho's Potential

Let me put it in clearer terms. Ayacucho must again develop its farming, livestock and river fish resources. We can divide this department into three major zones: Lucanas, Huancapi and Lar Mar-Huanta. The Chancas, Pocras and Vilcas are in the Pampas and Apurimac basins towards the east, and the Iquiches are in the Huanta-Tambo zone.

Each ethnic group has different customs and livelihoods. Some are farmers and others are merchants and gatherers. In the Ayacucho area itself, along the banks of its main river, the Pongora, and around the capital there is another group, the men of Pacaycasa. We can see then that Ayacucho today consists of three major, problem-plagued Indian groups that are still waiting to become part of the republic in spite of the battle of Ayacucho, as Haya de la Torre would say.

Therefore, we have to begin convincing city governments and the central government that public funds must not be misspent. The government cannot promote the mining industry when only 0.5 to 1.5 percent of the population is employed by it there.

A Mining, Not a Farming Department

Ayacucho today is a primarily mining, not a farming region, because of all its untapped mineral wealth. Look at the northern provinces, Huanta and La Mar. Look at the province of Lucanas. Look at the Canarias Mines, which should give its mining royalties to the people of Victor Fajardo so that they can develop and build the road system they need.

It is unacceptable that the per capita income in this area is \$40 a year while 2.4 percent of the population earns \$4,550 by plundering Ayacucho's artistic values or engaging in specialized tourism manipulated from abroad. There is not a single private business in Ayacucho that employs and feeds more than 100 persons. Yet there have been estates employing 2,000 indentured Indian workers or 600 laborers or sharecroppers. The contrasts in this section of Peru, this piece of the Americas, are stark indeed.

The task of rebuilding Ayacucho entails uniting its three parts by means of a railway that would integrate the region, especially the most developed sector of the farm economy, the coffee and cacao cooperatives in Huanta.

The Railway as a Unifying Force

The members of Ayacucho's society who prevented the railway from entering the city before the 1930's were guilty of a major mistake. It has been a source of collective frustration that a city as important as Ayacucho has not had a medium of mass transportation linking all corners of its area. This is the goal that we residents of Ayacucho are now again dusting off.

A railway would integrate not only the south central region but the entire southern area into Brazil, Bolivia and Peru's border zones. It would also link the rivers that serve as the boundaries of the departments in question, as well as cities like La Convencion and San Francisco near Ayacucho. A railway from Bolivia and Brazil would give us access to a market of more than two million people.

Goods would be less expensive because we could bring them in directly, without the arduous, winding trip off the Via de los Libertadores.

A Road That Makes No Sense

Nothing can be done along the Via de los Libertadores, because no one wants to invest in Peru's rooftop, nor in tourism, nor in Huaytara, because domestic tourism runs parallel to the country's economic and financial condition.

Instead, we should be investing in sawmills; the lumber industry; plants to manufacture cartons for export products; fruit-growing, tree nurseries; agronomy; animal breeding; populating the rivers with fish, and building a large hydroelectric powerplant near Ayacucho, which is seeking its agricultural frontier. The Cachi River is the solution here, and this river is a trickle compared to the region's others. The republic is going to pay off its longstanding debt to these people by building airports, roads and railways, not by investing in tourism, which benefits the few and prevents us from doing what we must.

The Uchuraccay Incident

Uchuraccay is a blot on Peru's political history. It was a collective sacrifice that has succeeded only in conveying a message of terror to the country and to the newsmen covering events in the emergency zone.

Unfortunately, it has not been treated with the care and restraint that it should have been. It should have been calmly analyzed, and there should have been an immediate change of venue, which would have prevented all of the procedural mistakes so far.

Political Crime

We would have to describe it as a social and political crime, given the notoriety it achieved and the burials in the capital of the republic, at which the grief of the slain newsmen's relatives was duly respected.

For most of the judges that enforce criminal laws, Peru has two statutes that can be applied differently and even contradictorily to the same cases. Because the Uchuraccay crime was committed in the emergency zone, we do not know whether those allegedly responsible have been tried under the Terrorist Law or the Penal Code.

From my point of view, a trial that begins poorly ends poorly, and let's leave aside fine points and diverging opinions on the incident, which ought to be completely cleared up. We cannot pin a crime of culture or lack of enlightenment on a world that exists whether we like it or not, to which nothing binds us and which nothing can explain to us.

Given the journalists' stay in the area and their itinerary, we are led to believe that there is no way that they could have been the targets of a community that knew nothing of them just because they were passing with or without permission through the zone.

The community is the only possible culprit in the crime, given the climate of violence in the area, with or without the involvement of Shing Path.

University Professor Eduardo Roy is calling for an in-depth revision of the Terrorist Law for this case. Those who called this draconian law a good one should realize that it eliminates the discretion of the courts and forces judges to respond in just one way, as well as allowing untimely transfers.

If they are being tried under the Penal Code, Article 42 or 46 applies. Thus, since they are illiterate, semicivilized Indians, the trial must be confined to establishing only two things: their semicivilized status, which would mean that they are still guilty; and their illiteracy,

which would exempt them from the penalties provided by criminal law for other perpetrators of felonies.

Trial Should Be in Lima

The trial will be a lengthy one. To judge by newspaper reports, the attorneys are playing to the gallery, caring nothing about a case that should never have been tried in the city of Ayacucho. In other words, it should have been treated as a mass murder case, with immediate medical examinations of the bodies in Lima, because no criminal statutes apply to the dead. They simply belong to the closest of kin.

Urgent clarifications are thus needed concerning this incident, which has the entire country in mourning.

[20 May 83 pp 14-15]

[Text] During this time of economic emergency in our country, Ayacucho must be helped with whatever funds can be immediately secured from the international community.

Everything is possible. A visitor here can gauge the extent of the economic depression. The region's restaurants, stores and scant industry could crumble soon if the development agencies that administer public funds do not urgently provide aid or much-needed planning.

Actions, Not Words

We have had enough of investments in name only in our country's birthplace. Corde-Ayacucho must be the champion of a society that is calling for actions, not words. Electric power from the Mantaro, right now. This is the order of the day in Ayacucho. Irrigation, by diverting rivers north and southeast of the city of Ayacucho.

We must realize that by changing the face of this city, which has suffered 150 years of martyrdom, we will also change the face of the people there. The residents of Ayacucho will be like a different people when they see the new projects that they have been wanting. A native of Ayacucho wants only to be a brother to his fellow Peruvians. and always takes good care of any visitor. This is a land of close-knit men, of victories, of finer destinies that we must now forge: a united homeland, the great Latin American homeland, the homeland of the Pampa de la Quinua. Because if Bolivar was from Venezuela, Peru has Ayacucho.

Nothing Got Done

The Huancapi-Lucanas highway was never built, even though it would have cost very little when it should have been constructed. Unity or death. Let us not be the heirs of hatreds, because in Ayacucho society today, which is literally dying of its thirst for development,

it is dangerous and treasonous to perpetuate isolation. This highway would bring the department and the region closer because it would link them to the sea.

From Lucanas it would continue to Cora Cora and from there to the port of Chala in northern Arequipa, which has a direct land link to Cusco.

Let us take a look at the towns in the interior of Ayacucho Department. Look at their enormous agricultural potential. Let us extend their agricultural frontier towards the forgotten towns in a triumphal march to forge unity in this region and this department, to which freedom, peace and the republic owe so much. The La Brena campaign was undertaken by a resident of Ayacucho who gave up his goods to defend his homeland in the war with Chile.

An outlet to the south for the people of Ayacucho is a good example of what we should have done for our parents, our children and our brothers, because tomorrow new legions of men will be following us into the Ayacucho region. Let us not look at this region only with the anxiety and fear prompted by terrorism or bomb blasts. Ayacucho is crying out loudly for justice today: Never again a forgotten zone, never again a depressed zone!

Terrorism

The terrorism that began in Chuschi with the burning of the ballot boxes is a painful social and political development that we cannot ignore because it is the upshot of a situation that we can correct in the short or medium term but that still persists in the 120,000 square kilometer emergency zone.

We did not previously understand or attach due importance to this insurgency, which could see only one truth, when it surfaced in the form of marches in towns in the interior of Ayacucho and elsewhere around the country. We cannot condone the anonymous killings of civil guardsmen in the name of a revolution with social justice.

But neither can we condone the indiscriminate killing or terrorism of a government that deals with a national problem as if it were a police matter without examining or trying to eliminate its causes and without calling on the entire nation to ascertain its consequences.

The courts should mete out prompt, timely justice and enforce the law intelligently. Defendants should not be regarded as convicted just if a police affidavit is presented; as if they were not entitled to defend themselves, which is the most important human right. Jails are not human warehouses. They are rehabilitation centers and they are temporary. We should respect and recognize those who die or suffer persecution for their political ideas during this period in the country's history.

No More Violence

Thoughts: We are not going to alleviate or cure the problem by responding to violence with more violence. We are not going to resolve it unless the Supreme Court rules in open court that the Terrorist Law is just a law, just another law, nothing else, that it has not repealed the Penal Code and that what this code stipulates concerning the perpetrators of crime and degrees of criminal complicity must be strictly complied with. We need to know whether criminal laws will be applied if they are more favorable to the defendant, whether cases can be dismissed, whether there is time for reflection, whether criminals can be reincorporated into society.

Necessary Measures

The people of Ayacucho gather in the Plaza de Armas to talk about the city's problems (I know this because I and my family have lived there), and they mention the projects that none of their representatives have succeeded in getting built over the last 50 years.

The gratitude of the people of Ayacucho to the sister republic of Venezuela is so deep that the entire stretch of paved road from Puente del Arco to the Los Libertadores Highway exit, where the monument to Bolivar now stands, should be called the Avenue of Brotherhood. or Venezuela Avenue or Los Libertadores Avenue. The monument to Bolivar stands alone, unprotected, without ornamentation of any sort and without trees or other greenery. Something should be done about this, and it would not cost millions or billions of soles, which have been spent in areas where few people benefit from them. The two housing developments there would go up in value, thus boosting rental income that would stay in Ayacucho.

The Market Should Be Torn Down

Improving the environment to improve the patient is a well-known principle in social psychology. The marketplace in Ayacucho is unhygienic, beyond repair and poorly located (right downtown, one block from the Plaza de Armas). It would be as if we had a 12,000-square meter market on Block 3 of Jiron de la Union in Lima. It has no facilities to help sellers or consumers. It has nothing. There is neither refrigeration nor running water to wash the merchandise, nor is transportation available inside or outside the market.

Moreover, it clashes with the urban beauty and architecture of Ayacucho. It clashes with its new face, the new face that it would have when the market is demolished and two of Ayacucho's beautiful churches face each other: San Francisco and Santa Clara. And between them would be an enormous park, a park that would not only be a major green area for the city but where we could use stone from Huamanga and granite, nitrate deposits (let's hope that the town's needed cement factories

utilize them some day) and ornamental ironwork from Ayacucho to build gates like those at the Plaza de Armas. What is more important, however, is that such a park would decentralize businesses and their workers, which have converged there and polluted the city, causing it to lose its historic identity and to lose sight of what has always existed in Ayacucho: the school of Ayacucho homes and architecture.

This low-cost but socially significant project would give breathing room to all of the public places near the market in the city of Ayacucho.

Local Markets and Freezing Plants

You can get to Ayacucho from Cusco, from Lima, from Huancayo and from Ica through Huancavelica. This is its natural area of regional links. We have to work with what it is, not what we would like it to be and is not. Pay attention, bureaucrats and experts in Corde-Ayacucho: the books should be according to the facts, not vice versa.

Since there are four major trading areas, four regional markets should be erected so that activity can be decentralized from the one in Ayacucho. This is the first reason.

The second reason is that we would be bringing consumers closer to the sources and thus cutting transportation costs. Taking an urban minibus in Ayacucho for 6 blocks costs as much as taking a minibus in Lima for 200 blocks. This is the main reason.

The third reason, the reason for the project, the reason of state or of "government experience," as the saying goes, is that we will thus be expanding the urban area of Ayacucho.

Toll Roads

The highway from Ayacucho to Huancayo should be reopened immediately. This highway is their natural link. It makes use of the valleys of the Pongora, Lagunillas, Chacco, Huanta, Mantaro and Ancco, which means passing through and linking populated areas with a good climate and good development with three of the country's departments: Ayacucho, Huancavelica and Junin. It also means controlling these basins and the opportunity for appropriate fish breeding and for stocking rivers with fish if their density and annual flow so permit.

The route could be top quality. The terrain is suitable, rising from 1,800 to 2,900 meters above sea level. It would also provide an outlet from La Mar through northern Huanta without touching the city of Ayacucho.

Railway to Ayacucho

Throughout its history, Ayacucho has had no borders. It borders on the world and on the peoples who have never ceased struggling for freedom and justice. It is inconceivable that the people in this

lofty land (with its most Peruvian of natural features, the Pampa de Quinua), the land that brings together Sucre, Bolivar and Peruvians in a supreme brotherhood, it is inconceivable that the people here do not even have their own railway to link them with the department's capital.

Using electric power from Mejorada or Campo Armino, this railway should also head towards the jungle, where nature will provide everything it needs. This is the real way for the republic to pay off its debt to the simple people of Ayacucho.

There is just no comparison. A 14-ton Volvo can carry only 2/3 as much as 1 of the 16 or 20 freight cars that the train would have. Let's not bother comparing the cost of gasoline or oil. There is no comparison. The railway is a longstanding dream that my generation is dusting off again; it is the age-old challenge that we are taking up during these tough times for our native soil. And we are taking it up from here and in that direction, towards the founding city, its streets, its bells, its gates, its porticos, its churches and its people, who are waiting in the knowledge that the hour of the reuniting is near, the true hour of linking, unifying routes. This is also the time for pardon and amnesty for its children.

Opening the Churches

Opening up Ayacucho's churches would enable us to get an accurate idea of the vast tourist attractions in the department and the potential for developing them. Open up the shrines of Santa Clara and Santa Teresa, put the cathedral, San Agustin and Santo Domingo on view, and we will have a constant flow of domestic tourists into the downtown area.

This is what Corde-Ayacucho and the Planning Institute should be looking into. They should start with what Ayacucho already has and create job opportunities and sources of income rather than siphoning off funds from the regional agency's budget to please new-style bosses and politicians.

Another possibility that should be looked into is setting up slaughterhouses and freezing plants in the Ayacucho district, in San Juan Bautista or Santa Ana and Puca Cruz in particular.

Holy Week

Every year during Holy Week a person gets the impression that he is in Spain. We should, however, return to celebrating it with all its splendor of old and with all of characteristic elements. To this end, the Curia, the National Institute of Culture and the city government should draw up a single program and keep a single accounting of everything paid out and taken in during the 10 days of Holy Week. This would generate revenue to cover the administrative outlays of the bodies on this commission.

The Role of Two Banks

We cannot expect borrowers who are having serious economic problems for reasons that we all know, to have their loans rescheduled or guaranteed right away.

At this juncture in the city's history, the Industrial Bank has to seek out clients and faithfully perform its mission of promoting and financing small and medium industry.

The Agrarian Bank must immediately assess Ayacucho's most urgent supply needs (in view of the drought and terrorism) and install, under city management, silos or warehouses for items that have to be imported to meet the demand of a people whose buying power is far from strong. It must, in particular, prevent profiteering with basic foodstuffs. The agencies that specialize in regional and departmental planning for industry should undertake studies on Huamanga's stones, on lumber, on water, on mines and should also call together the members of political parties in an assembly of the departmental agency to exchange ideas or plans for the stages that have to be undertaken in Ayacucho's battle for development.

Government agencies should immediately set about laying the groundwork for a fish breeding station on the Cachci River to provide protein food for the people. They should substitute locally produced items and establish a municipal transportation network to prevent profiteering.

To conclude, I would like to quote the words that Haya de la Torre, the wandering student, said on 14 April 1963 in Ayacucho's Plaza de Armas:

"I arrive in this land with the filial humility of one who understands the gospel of being free and has offered his entire life for it, without family excuses, without selfish misgivings and without treasonous compensations, which would have reduced my existence to the sad fate of those who argue for their country only when it would seem to feel free and who flee their country when the criminally aggressive usurpers forget Ayacucho and engage once more in colonialism and conquest with brand-new vassals and settlers.

"I come, thus, to Maria Parado de Bellido's Ayacucho because I believe that like water, freedom ought to be drunk at its source. This is Ayacucho. Its language will be like granite in the language of time, outliving the dust, outliving all of the ignominies that are committed. A people moves forward, certain of its destiny, towards its ultimate role in history."

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EFFECT OF CONTRADICTIONARY ECONOMIC POLICIES ANALYZED

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[Text] An overview of the direction, content and effects of the government's economic policy, for the purpose of evaluating its efficacy in achieving the objectives set forth and isolating the elements in that policy that have contributed most to the development of the crisis that the country is beginning to suffer, clearly reveals the predominant feature of the government's economic measures: contradiction. Contradiction in thought and action, in the perception, enunciation and solution of problems. In turn, contradiction was the source of the incoherence, that is, the persistent failure to coordinate the explicit objectives of general economic policy with the specific content of sectorial policies.

The first manifestations of the phenomenon date back to the dawning of the current administration; at that time they emerged in the formulation of the economic stabilization policy. Some of the protagonists jumped into the fray without precise diagnoses and with preconceived solutions, while others drew their conclusions after a process of reflection and analysis. When the two types confronted each other, it was decided to move on to the design of sectorial policies without clearly establishing a general frame of reference.

The industrial development policy was divided into two stages: the first one oriented toward overcoming the restrictions and distortions caused by excessive state intervention in the functioning of the market, and the second one designed to promote the consolidation and diversification of the existing industrial base. Specifically, the National Executive devoted its first months in office to implementing the price deregulation policy, whose obvious and immediate result could be seen in rises in the cost of living index, the product of alleviating pressure built up over several years of direct price controls. At the same time, a policy of tariff reductions was devised for the explicit purpose of moderating the inevitable increase in prices, and the consequence, foreseen but underestimated, was to alter the conditions of competition in favor of imported goods, canceling out the stimulus to the development of domestic production represented by the free functioning of the price system.

This decision not only wiped out the advantages that could have been derived from the deregulation of prices, but also facilitated the subsequent growth of

imports and oriented private investment toward the commercial sector, to the detriment of the industrial sector. In this way, the policy that had been devised was unable to proceed. The contradictions that developed during the first stage of implementation generated sufficient incoherence to place its validity in doubt and to cause its principal proponent to leave the cabinet. Since no alternative was drawn up, the negative effects of the deregulation of prices and the reduction of tariffs began to emerge in the domestic economy in manifestations which gained strength with the expansion of aggregate demand provoked by the second wave of increases in oil prices. That expansion, in turn, led to the contradiction that later became apparent between monetary and fiscal policies, whose content is analyzed below and whose development is the key to the explanation of the exchange crisis the country is now undergoing.

Continuing with the chronology of contradictions, the next one arose between the policy of public indebtedness and that of financing enterprises, projects and programs in the official sector. The announced objective of the indebtedness policy was to freeze the existing public debt in net terms at the level of the end of 1978. There was no other way to interpret the perception of a "mortgaged Venezuela." As a consequence, the additional needs for funding for projects underway had to be adjusted to the availability of assets determined by principal and interest payments; the regular cash flow of state enterprises had to be balanced without raising the level of indebtedness; the financing of new projects and programs was to come from funds set aside for that purpose in the budget, and from the surplus generated by the enterprises themselves in their regular operations. This obvious deviation from the announced objective of the indebtedness policy was frankly contrary to the operative and financial model that was being applied in state enterprises, to which the pertinent modifications are not being undertaken uniformly.

Action was taken in the Venezuelan Investment Fund (FIV) to revise the projects underway that had been financed by that institute, and that revision resulted in the cancellation or postponement of some of them, the restructuring of others, and above all, the resumption of the FIV's role as an agency for the coordination and control of the enterprises in which it holds majority stock. This action undoubtedly improved the quality of management in those enterprises.

Quite the contrary was done in practically all of the remaining entities of the decentralized administration and state enterprises; moreover, unhealthy financial practices were engaged in, as can be seen by glancing at a few critical figures. In the state's non-financial enterprises, excluding oil and iron companies, the "other liabilities" (an accounting euphemism for covering short-term credits) in 1978 represented 20 percent of the sources of funds; by 1981, the latest figures available, that coefficient reached 100 percent. That in itself would not have any great economic significance, even though from a financial standpoint it reveals imprudent management, to say the least; but the unusual aspect was that 80 percent of these funds were earmarked for the financing of fixed assets in projects of slow if not doubtful recuperation, establishing an indebtedness pattern in these enterprises that was truly senseless. Similarly, no effort at all was made to promote balanced management in the state-run enterprises; their deficit nearly quadrupled between 1978 and 1981 in absolute terms, and more than doubled in proportion

to their current income. These operative results, added to the improper management of the enterprises' financial structure, translated into a sustained growth of the short-term external public debt, whose level played a major role in the development of the exchange crisis.

In this specific area of economic policy--the role and control of state-run enterprises--the contradiction became apparent on various levels. On the conceptual level, the economic cabinet was never able to reach agreement on a coherent action. On the practical level, the FIV took action that was quite different from that of the ministries assigned to the other state enterprises. On the organizational level, the opinion of some ministers regarding the location of the sectorial holding companies was quite distinct from that of other ministers. At the bottom of it all was a constant power struggle that was never resolved.

Perhaps the most obvious and permanent of the contradictions has been that between the objectives of fiscal policy and those assigned to monetary policy: economic reactivation and the promotion of relative stability in prices. This contradiction reached its maximum point in the long and never-resolved debate over the priority that those objectives should be given; and although today the discussion has been temporarily tabled because of confusion stemming from the exchange crisis, an evaluation of the specific features of this contradiction sheds light on one of the most important determining factors of the deterioration of the external sector.

From 1980 on, as a result of the second wave of exported oil price increases, fiscal policy regained the dynamism it had shown during the 3 years between 1974 and 1976, following the same model of absorbing the oil surplus. During that first year, fiscal expansion translated into a proportional increase in internal aggregate demand, concentrated on consumer goods in the private sector, while in the public sector the increase was divided between capital formation and consumption. Nothing had been learned from the crisis of 1978. Such behavior was incomprehensible in a government that stigmatized the economic leadership of the previous administration.

In 1981 the basic patterns of public spending and internal aggregate demand that had been observed in 1980 were accentuated: even more privileges were granted to imports, especially by the public sector, and the net loss of private capital was aggravated further. But the latter was no longer the exclusive result of autonomous behavior on the part of private operators, but also reflected deliberate action for several months that year by monetary authorities, who felt it was efficient to promote the destruction of liquidity through foreign exchange in order to curb the inflationary pressures that had been exacerbated by the level of internal aggregate demand, which in turn had been fed by the high volume of public spending. In other words, as long as fiscal policy acted expansively, monetary policy attempted to compensate for it.

Actually, both the Finance Ministry and the monetary authorities were operating on the basis of an insufficient diagnosis of the country's economic situation, and a fickle perception of the oil market. The Finance Ministry, which had already cut the levels of protection for domestic production--in

fact revaluing the exchange rate—and had seen that decision's effects on imports in 1980, could see nothing on the horizon but a new upsurge of foreign purchases and more outflows of private capital. Monetary authorities, on the other hand, should have perceived that the purge of liquidity through foreign exchange would take place autonomously, just as it had the year before. But by promoting it explicitly with a policy of turning interest rates in that direction, they caused the net level of international currency indebtedness of the public sector to contract inconveniently and unnecessarily; inconveniently, because in a country like Venezuela international reserves are the accumulated return on the exportation of a non-renewable product, that is, they have a basically real equivalence rather than a financial one; unnecessarily, because the deceleration of inflationary pressure in the developed countries, combined with the marked tendency of internal demand to be channeled abroad, undoubtedly would attenuate the rate of increase of domestic prices.

Certainly this policy of relative monetary restriction contributed to reducing domestic inflationary pressures, which had been refueled by the fiscal expansion. But in the eyes of the country, it was absolutely wrong for economic policy to try to expand with one hand and to curb the expansion with the other. The informed public understands that in general the latter is the function of monetary policy, hence the tradition of independence of central banks with respect to the executive branch. But the confusion generated by these contradictory developments affects the business world in all countries where they occur. In this regard, suffice it to recall the heated controversy unleashed in the United States on this matter, which led figures such as Lester Thurow to suggest that it would be a good idea to eliminate the autonomy of the Federal Reserve. In Venezuela the problem is more serious because of the evident dependence on the executive branch, as reflected in the composition and designation of the Board of Directors of the Central Bank of Venezuela.

The cumulative negative effects of the government's contradictory economic policy exploded in 1982, detonated by the change in the international oil situation. Furthermore, the concrete implications of the model of absorbing the oil surplus began to reveal their harmful effects. Assuming the validity of the hypothesis of the sustained growth of prices and crude exports, that model permitted the development of an ever-growing and rigidly structured fiscal spending policy.

The misinterpretation of the alarm sounded by the international oil market and the refusal to acknowledge the need for an immediate readjustment nurtured the incipient exchange crisis of 1983. Fiscal spending remained stable; as a consequence, internal aggregate demand also continued its upward trend. Since the internal productive apparatus had collapsed, and foreign purchases had been encouraged by the two de facto revaluations of the bolivar with relation to the dollar—the first when tariffs were reduced and the second as a result of the higher growth rate of prices on the domestic market compared with that of supplier countries in 1979–81—it was obvious that imports and spending by travelers abroad would continue to meet an increasing portion of internal demand, and that is just what happened. For the third year in a row, the profound contradiction in the direction of the instruments of development policy, and the conflict between it and fiscal policy, became manifest.

The privilege granted to commercial activities and to financial investment for factual or circumstantial reasons yielded bitter fruit in the form of a stampede by private capital. Moreover, that stampede was foreseeable in a system of economic operations in which commerce predominated as an activity and private savings remained idle as a result of the reluctance to invest in real areas, given that the basic characteristics of commerce (high capital turnover, liquidity of surpluses and great operative flexibility) place it in an advantageous position for converting its assets rapidly into any currency; moreover, the volatility of idle private savings generated by a heavy deficit in the public sector is a potent source for financing "runs" that destabilize the exchange rate in a system of free convertibility at a fixed rate.

In 1982, the contradictions of economic policy have been manifested not only on the conceptual level but also between those who are trying to postpone the crisis and those who are unaware of its intensity. At least this is what is reflected in the contradictory official positions revealed in such controversial cabinet-level decisions as the centralization of international reserves and the refusal to renegotiate the short-term external public debt. The net result of these contradictions was that the postponement measures lost their efficacy because they had little credibility with the public; that incredulity was partially fueled by the official debate.

This chronology of contradiction as an essential element of the government's economic policy poses these questions: How did it begin? Why is it maintained? The answer could lie in the methodology of dialectic discussion used by the cabinet, whose academic merits are not denied by anyone but whose impracticality in political administration has been resoundingly proven even in countries with Marxist regimes, because of two considerations: the dialectical methodology assumes that the participants in the discussion share a common philosophy, possess a homogeneous store of knowledge and information, and have each one his own speciality; it also requires that enough time be available to develop the full potential of the ideas generated by the discussion. None of these prerequisites is met in politics, and the insistence on using a method based on confrontation results in indecision, conditional decisions or the misnamed Solomonic decisions, which give each contestant the impression that part of his thesis is right. In our countries, where this methodology is not very familiar, the figures of the winner and the loser, the victim and the victor, come into play. In the overt or covert confrontations we might find the key to understanding such contradictory actions.

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ECONOMIC CRISIS: CAUSE, EFFECTS, POSSIBLE SOLUTIONS VIEWED

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[Text] Is the Venezuelan crisis intrinsic or endogenous (to use the economists' term), or, on the contrary, is it a reflection of the international crisis? Did this crisis emerge with the fall in oil prices, or was it already in a latent state? These are two cardinal questions whose answer will serve as an analytical framework for the exploration we are about to undertake.

Venezuela has no cyclical autonomy, we would say in response to the first question. As part of a very transnationalized world, the national economy could not very easily isolate itself from the consequences of a cyclical downturn in the Western system. A country dependent on a single export product, with one of the highest foreign trade coefficients in the Americas, Venezuela is extremely vulnerable to economic fluctuations. If to that we add the tremendous debt contracted in recent years, which bound us even more closely to the world market, there is no room for doubt about condemning our dependence.

But in the social sciences, mono-causal explanations of phenomena are to be shunned or averted. Just as crises never stem from just one factor—the most distinguished economic theoreticians have already stated that—although external dependence undoubtedly lays the foundation and plays a key role in the processes of a country such as ours, it would never be able to eclipse the internal elements.

The gravitation of international forces determines the general conditions for the development of our economy, which at no time could ignore such forces completely. Internal factors or circumstances aggravate, moderate, retard or precipitate, depending on their nature, the general situation that derives from our position within the large international circuits. Conditioned by the broad sphere of the world capitalist system, the elements of the Venezuelan economy have a specific context within which to express themselves. We could say, by way of a theoretical conclusion, that the Venezuelan crisis is proceeding along the path dictated by the international economy, but with strong internal aspects that helped launch it or aggravate it.

Roots of the Process

The most telling proof of this analytical approach lies in the very process of the Venezuelan crisis. Many months before the drop in oil prices, the Venezuelan economy had entered a recession. We understand crisis to mean any situation in which material production, reproductive investments and profit rates tend to decline in an exchange economy.

Armed with this thesis (which is accepted by all capitalist theoreticians), it is easy to calculate how internal disturbances could pave the way for or precede the grave situation that exploded with the establishment of exchange controls. A glance at the macroeconomic statistics of the Central Bank is enough to draw the strongest conclusion. Since 1979, but especially after 1980, Venezuela's gross domestic product has exhibited a persistent stagnation. This tendency was so marked that by the end of 1982, real per capita income, due to the combination in the last 3 years of the slump in the GDP and the growth of the population at the habitual rate, was at a level slightly lower than that of 1972.

The level of reproductive investments has followed the same pattern since 1980. Measured in real terms, that is, deflated by the wholesale price index, investments did not increase at all. Finally, the overall profit rate of the economy, or in some of the more important sectors, has remained stationary since 1979, or has contracted slightly.

Aren't these indications of a persistent recession? And paradoxically, they all occurred when the petroleum economy, propelled by the Iranian crisis, attained optimum prices and hefty export volumes. When the country should have been reaching its highest growth rates, greatest volume of investments and most flourishing profits, a paradoxical development threw the economy into a drastic crisis. This process demonstrates that over a short period, internal factors can counteract and totally obliterate positive international trends, no matter how propitious they are.

Causative Factors

Any crisis is engendered by a combination of underlying causes that function almost surreptitiously and overt factors that propel it to the surface. In Venezuela, the crisis we are experiencing today had been developing within the productive apparatus of the economy, but it needed a detonator to set it off. That happened when petroleum prices fell in 1982, and OPEC was forced to implement a production quota system.

Those circumstances portended a gloomy future in the view of the economic community of the country. Until that time none of the ominous signs that had already begun to appear had alarmed or worried the vast forces that influence our economy. The drop in oil prices and the prospect of a surplus on the world market—the "oil glut," as the Americans call it—were, on the contrary, the first clap of thunder in the storm. We could almost say that because of the peculiarities of our economy, petroleum is in the privileged position of being the fulminate that launches the projectile of the crisis in Venezuela. Oil either frightens us or comforts us in our country, irreparably.

The Venezuelan crisis, which was palpitating long before the contraction of the market, was to a large extent a product of the egregious miscalculations of economic authorities. In 1979, the economic cabinet thought that circumstances called for a cooling of the situation. The balance of payments had closed with a substantial deficit in 1978, and domestic inflation, quite pronounced in terms of national experiences with this phenomenon, demanded a halt to growth. But the government's economic team did not think that at that time a period of high petroleum prices was beginning, prompted by the Iranian revolution, and did not think it was imperative to slow down the economy in order to attain an equilibrium in the balance of payments or to temper inflation.

They did, however, propose a reorientation of growth, transferring the focus of investment and public and private efforts to agriculture and light industry. But abandoning growth, which eventually happened, seemed absurd in light of the expansive period that was sparked by the international economy. The containment agreed upon by the economic cabinet had inhibited investment. Liberalization was supposed to curb or stabilize consumption. Thus, the two engines of growth were broken down.

Flight of Capital

The domestic sluggishness deteriorated to anemia when the United States, for reasons stemming from its position as the cyclical center of the world, adopted a monetary policy that led to the surge in interest rates. At that time—the end of 1980—the bolivar was manifestly overvalued. The effect of monetary overvaluation on the trading of goods is well known. A currency that is priced high stimulates imports. Less well known, however, is the effect on capital movements. When the currency is overvalued, foreign securities and bonds are at a premium because of their low cost, and this makes their real interest rate rise implicitly. If we add to that the nominal rise in interest rates that occurred in the United States between 1980 and early 1982, the result is a tremendous flight of capital.

Lacking productive avenues in a stagnant economy, and encouraged by the low cost and enticing interest rates, Venezuela's monetary resources flowed toward the United States. Since 1980, the flight of foreign currency has become a notorious element in Venezuela's economic plight, with dollar sales reaching a level of more than \$100 million per day (the usual average after early 1981).

Debt

Now we must bring another character onto the scene in our analysis. It is the public and private debt that began accumulating between 1976 and 1980. Due to very prevalent circumstances, international banks had copious reserves at their disposal after the first oil shock. It was the task of bankers to discover, locate or invent customers for this mass of capital. And, in turn, all kinds of countries began resorting to bank loans at a time when international inflation lowered the real cost of money.

Venezuela was no exception to the rule, of course. Our public and private debt began to climb dangerously high in 1976, and continued that upward trend in the following years.

It is interesting to explore the role that indebtedness plays in our situation. According to reports by the Central Bank, the coefficients of investment have remained stable since 1978, while foreign commitments have grown. This means that debt of all kinds, both public and private, hardly provided any stimulus for consumption and did not serve to expand investment at all, which is its intrinsic role in an exchange economy.

In less technical terms, the foreign debt served to finance the increase in imports, and indirectly to allow the flight of capital. Because the debt was growing rapidly, the country was able to expand its consumption, raise its import levels and at the same time allow foreign reserves to leave the country at rates unprecedented in contemporary history.

Successive Errors

Recapitulating this entire retrospective, we could say that Venezuelan authorities committed two serious errors successively. In the 1979-81 period they brought the country's real economy to a standstill and resorted to foreign debt when the international economy, because of the second oil shock, enabled productive activities to expand within national territory. The consequence of that policy was the expansion of consumption and a drain of capital. The other mistake was in pursuing that policy without modification when in April of 1982 the international economic situation changed for us, with the first contraction in oil prices.

At that time, the course of official policy should certainly have been altered drastically. That did not happen. Proof of that is that indebtedness continued to be the means of financing the consumption boom and the flight of capital. The centralization of the Venezuelan Petroleum Inc. reserves was tantamount to a loan, since it enabled the trend of increasing imports and losing foreign reserves to continue, at a time when international signs already pointed to a definitive suspension of those two tendencies.

The final act of the drama had to come about whenever the country finally was forced to begin servicing its debt, with payments that proved to be a great burden because of the conditions resulting from the fall in oil prices.

Remedies

Like all those reluctant to face reality, Venezuela was forced to take stock of its situation by international bankers, when in February of this year they conditioned the renegotiation of the debt on the cauterization of the wound from which foreign reserves were flowing.

Thus began the last stage of the drama, which is so familiar that there is no need for this analysis to reconstruct all its processes. We could limit ourselves to stating that the country, like all reluctant people, under strong

pressure finally consented to take measures to contain the flight of capital and rectify the overvaluation of the bolivar.

To face the future—the what-shall-we-do dilemma that is the key to the entire situation—we must begin with an undeniable fact. The country will not have an abundance of foreign reserves in the coming years, and the unprecedented burden of the debt will hang like a cloud over its economy. How to continue growing under such conditions is the challenge that awaits Venezuelans. It means searching through the difficult economic cycles to find a fulcrum for the Archimedes lever that moves our economy.

The country should not resign itself to stagnation because the external circumstances of its economy (the difficult oil market and the overwhelming debt) dog its footsteps. The key to everything lies in planning a new growth that is adapted to the context in which we will have to live.

Like other Latin American countries, Venezuela would have to pursue growth within itself, that is, on the domestic market. The overvalued bolivar of the last 10 years and the abundance of foreign reserves led to a disproportionate growth of consumption. That was undoubtedly a negative factor, but now the groundwork has been laid for the tasks of development. Meeting internal demand with national products and allotting imports the proportion they had during prosperous years, is the only viable program.

In terms of agricultural supplies, it is possible to cut our external dependence, which has been at 50 percent recently, to half that level without impeding consumption. This effort will pave the way for a capital investment that could total more than 6 billion bolivars, if the product-capital ratio were 0.50 in agriculture, that is, if a bolivar invested generated half as much in production. The problem with agricultural production lies in preventing the filtration of investment toward the city or toward other countries, as happened in the frenetic years between 1974 and 1978, when rural credit leaked out to other areas.

The devaluation of the bolivar, which is inevitable sooner or later, will cauterize the wound through which foreign reserves were flowing. It was that outflow that enabled resources to be transferred abroad and led to the collapse of speculative activities in the cities, encouraged by the easy prosperity. If so, that could shut off the other escape route. If the government improves its credit policy and the budget is oriented toward agriculture through the creation of infrastructure in rural areas, the prospect of supplying the domestic market with national products would cease to be a chimera.

Possible Substitution

Relying on the domestic market means proceeding with the interrupted industrial import substitution program. This basically implies producing industrial inputs and some machinery and tools, all of which has a broad market in the country which is now met with imports. The production of inputs requires the rationalization of the operations of the Orinoco Iron and Steelworks (SIDOR) and the Petrochemical Company of Venezuela (PEQUIVEN) so that

both complexes achieve optimum levels of production and the most reasonable costs possible within the circumstances of Venezuela. If those two enterprises perform more efficiently, the percentages of input imports will drop to some extent, and the industries that use those products--metalworking and others--will find stimuli for their specific production. It would not be very difficult for the country to substitute imports amounting to \$2 or \$3 billion in industrial products over the next few years.

Finally, the new exchange rate that will be made possible will inevitably provide comparative advantages for the exportation of agricultural products (certainly some, anyway) and industrial goods (to a larger degree).

Agricultural raw materials such as cotton and rice, or fruits and vegetables, would find comparative cost advantages with a more rational exchange rate for the bolivar. In the industrial sphere, the items benefited would range from finished consumer goods--shoes, perhaps--to inputs and capital goods. If Venezuela has already been able to export aluminum and steel, chemicals and some capital goods--electrical towers, for example--under the old exchange rate, albeit with the forceps of incentives, under the new situation the ground would be infinitely more fertile.

We believe that now is the time when the real conditions for the genuine, solid development of the national economy are established. The task, the challenge at hand is to grow on the basis of all activities other than petroleum, and to give priority to productive sectors rather than speculative ones. Venezuela grew in an illusory way when the veil of the oil boom sent it into artificial worlds. Now growth will be more difficult, much more difficult, but its fruits will also be more tangible.

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